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PCF SECRETARY LAURENT ASSESSES RESULTS OF EP ELECTIONS

Paris L'HUMANITE DIMANCHE in French 13-19 Jun 79 pp 8-9

[Interview with Paul Laurent, secretary of the French Communist Party, by Francoise Colpin: "Greater Chances for Future Battles"; place and date not given]

[Text] The PCF [French Communist Party] waged a dynamic and active electoral campaign to dissipate through clarity and honesty the confusion sown by all the other parties. Here are the answers to five questions on the results of those elections and the chances for future battles.

[Question] First, as regards the position of the PCF in these European elections generally evaluated, at times bitterly, as good. How do you view the results? Do they reflect the dynamism of the electoral?

[Answer] The results are positive, especially if one takes into account the general atmosphere in which this campaign took place. It means that despite all the attacks, all the confusion which involved the positions of the other parties, they did not manage to divert millions of workers, peasants, and intellectuals from a clear rejection of their policy and choice thanks to the clarity and honesty of the communist candidates.

They really re-echoed the active and dynamic campaign that we waged.

The voters who made possible the consolidation of the PCF's position went all the way in their resolve to assert their opposition to the Europe of capital, to struggle for a brotherly and peaceful Europe of the workers.

They at the same time clearly expressed as we had called upon them to do their capability of fighting the antisocial policy of the government and the employers, of defending liberties, and of preserving national independence.

They also ratified our appeal for the construction of a new, sound, and effective unity. And they had all the more merit in doing it as, in the

final stage of the campaign, Francois Mitterrand and the French Socialist Party gave evidence of increased hostility to the French Communist Party and its leaders.

[Question] Abstentions nevertheless constitute one of the phenomena of these elections because they do not apply to France alone. Are these abstentions the sign of a fairly general denial of European integration?

[Answer] Yes. One saw enormous efforts undertaken by the parties of the right and the social democratic parties of all the European countries of the Nine [members of the European Communities] to have their supranational reactionary choices ratified and to see the expansion of the Common Market. This plan was checked to a large extent. They did not manage to secure spectacular endorsements, especially in our country.

In France many abstentions and invalid ballots reflected in a certain way the reservations of millions of Frenchmen and women regarding a policy which imperils the sovereignty and independence of our country.

And even the many votes which took refuge in what are called the small states constituted in another way an expression of that rejection and those concerns.

[Question] The French Socialist Party evidenced a drop in votes which warrants a few seconds of reflection.

[Answer] The drop in the votes for the Socialist Party is indicative of the difficulty experienced by the leaders of that party in concealing the convergences of their policy with that of Valery Giscard d'Estaing and Raymond Barre, with that of the social democratic parties and in particular that of Helmut Schmidt.

Proof was also given of the harm of the Socialist Party's orientation toward the right that we have been explaining for months.

Finally, by turning down the far-reaching structural reforms necessary to the country, by moving in analogous manner to the parties of the right, the Socialist Party gave evidence that it favors the reactionary forces and their continuation in power.

It is sufficient, incidentally, to consider the results in a certain number of other countries of Europe to find that this logical consequence in the attitude of socialist parties led to an identical result everywhere: The progress of the conservative forces.

[Question] Specifically in France and in these elections, what was really the evolution of the parties of the right, notably the UDF [French Democratic Union] and the RPR [Rally for the Republic]?

[Answer] As I have just mentioned, the attitude of the Socialist Party did not let them decline. One could characterize the situation of the forces

of the right as that of an over-all holding operation with a reclassification among them in the interest of the UDF, the French president's party.

As has often been the case on other occasions the most outspoken reactionary forces exerted pressure on their representatives in office, on those who seemed to them to be best qualified to defend their interests and their privileges.

That is how one witnessed in a series of regions and cities a sudden drop in votes for the party of Jacques Chirac [RPR] to the benefit of that of Raymond Barre, Jean Lecanuet, and Michel Poniatowski.

[Question] In its campaign our party effectively asked its voters to extend their struggles, their rejection of all adversities, of growing difficulties through their votes. They undoubtedly did it. And now?

[Answer] As a large number of commentators found immediately after the elections, this was truly done despite the prospect of the historic decline of the French Communist Party which reactionary leaders from Giscard d'Estaing to Jean Andre Francois-Poncet have been proclaiming. This means that on the morrow of 10 June 1979 the situation of the communist party constitutes a solid base for a new take-off of the popular movement.

The communists find themselves in a better position, more assured to develop now in all fields the struggles that are absolutely necessary against unemployment, austerity, the high cost of living, and infringements on liberties.

They are also in a better position to implement with courage and a spirit of initiative all the decisions of the 23d PCF Congress, to make of the PCF not only a larger party, a mass party, but also to reinforce the caliber of its endeavors in political work among the population and in its effort to organize all the struggles.

In short, to enable communists to play their role of developers, organizers, and ralliers.

In the last analysis it is today, after this important political stage which the European elections constituted in the weeks following our 23d Congress, that it is possible to deploy in a big way after the favorable results of 10 June the unifying initiative of the communists in base organizations, in firms, as well as in districts and villages.

We are unfortunately sure that topics will not be lacking for such action, for it is already possible to see in advance all the measures which the government had voluntarily delayed in order not to tarnish its electoral campaign: General price increases, particularly those in transportation, housing, gas, and electricity, the rise in unemployment, attacks against liberties, and so on.

All these evils will be experienced by millions of workers, and that is once more evidence of the fact that the PCF's role of initiator of action, of rallying force, can be fully deployed.

HOUSE SESSION MARKS COUP, INVASION ANNIVERSARIES

[Editorial Report NC] Nicosia Domestic Service in Greek at 0810 GMT on 15 July 1979, carries a 45-minute live relay of a special House of Representatives meeting marking the anniversary of the 15 July 1974 coup, held under the chairmanship of House President Mikhailidis.

In his address House President Mikhailidis condemns the coup that "served as forerunner of national catastrophe because it was used as a pretext for Turkey to invade Cyprus." He pays tribute to "known and unknown martyr brothers" who sacrificed themselves in order to safeguard democracy. He goes on to pay tribute to Makarios and declares determination not "to lower the banner of struggle." Mikhailidis also stresses determination to work for a "really independent and united Cyprus where inalienable human rights of all the citizens will be safeguarded--regardless of religion or of national extraction--where all citizens will be equal before the law and will enjoy equal opportunities." The house president emphasizes: "Such a solution can come only from the available process of negotiations, provided that such negotiations are held with good will and without ulterior aims or suspicious goals, by implementing the recent 10-point Kiprianou-Denktaş agreement and by carrying out the UN resolutions."

In conclusion, he stresses devotion to the sacrifices by Makarios and other "martyrs" and to the path of duty.

Democratic Party parliamentary spokesman Ambizas delivers the next address. Ambizas speaks along the same lines, calling the people to unity, to a solid internal front, to support for President Kiprianou and to safeguard democracy.

The next speaker, AKEL Secretary General Papaioannou, strongly criticizes the failure to carry out a purge of the juntaist elements in the government and the security forces. He asks for the arrest of the murderers of Kostas Misiaoulis, saying: "The members of the Sampson government are as guilty as their boss and they must be punished as an example. It is unacceptable that they have not yet been called to account for their terrible crime against the Cypriot people." Papaioannou also asks for the surrender of illegally held arms and the dissolution of underground teams.

The AKEL leader goes on to warn that the imperialist conspiracy against Cyprus is being intensified, "particularly following the serious loss of positions by imperialism in the Middle East and the eastern Mediterranean regions. Imperialism and its tools have prepared fresh criminal plans against Cyprus and they are waiting for the most suitable moment to implement them." Papaioannou reiterates the well-known AKEL line for "patriotic unity based on the policy of struggle for solution of the Cyprus problem" and for a "really independent, sovereign, territorially integral, federal, nonaligned and demilitarized Cyprus where Greeks and Turks, Armenians, Maronites and Latins will cooperate as brothers in building a merry, peaceful and happy future for all; a Cyprus completely free from foreign occupation armies, from foreign bases and other foreign troops." Papaioannou is the only speaker who fails even to mention the late Archbishop Makarios in his address.

The Socialist Party Edek chairman, Dr Lyssaridis, is the fourth speaker. In his speech Lyssaridis maintains that the Cypriot people are faced with two choices: One is the "so-called realistic acceptance of the occupation realities and the search for a solution within this framework"; and the second alternative is "insistence on a solution based on the UN resolutions and principles." He rejects the first alternative, which he describes as "tantamount to legalizing occupation and partition as well as selling out the basic rights of our people, such as the right to settlement, property and freedom of movement." Dealing with recent developments in the Cyprus question, Lyssaridis criticizes UN Secretary General Waldheim for failing to fulfill the task entrusted to him by the latest Security Council resolution on Cyprus by his failure to reveal the Turkish side's negative attitude toward the UN resolutions. Referring to the latest round of intercommunal talks following the Kyprianou-Denktaş agreement, Lyssaridis reiterates his prediction that talks were doomed to stalemate. He points out that the "opening of the new round of talks was welcomed as substantive progress and was used by Carter as an adequate pretext to increase economic and military aid to Turkey, although he pointed out that there were no indications of a change in the Turkish stance, which should rather be expected to be more intransigent following the abolition of the U.S. installations in Iran and Turkey's increased role in the NATO-Pentagon complex."

Lyssaridis further warns against Turkish designs for complete occupation of Cyprus and annihilation of Hellenism at the appropriate time. He calls for adopting the course toward further internationalization, utilization of international solidarity and mobilization of our people and resources. Lyssaridis urges rapprochement with the revolutionary Turkish Cypriot masses in building a joint anti-imperialist, antioccupation front and stresses that "we must also escalate the joint struggle against the British military bases, which constitute a mutilation of our independence and which are rapidly being converted into American-British bases. The

Cyprus government should immediately demand that an end be put to the presence of the American U-2 aircraft." Lyssaridis concludes his address by demanding the punishment of all the coup remnants and the true purge of the state machinery and security corps.

The last speaker is independent Larnaca deputy Khristofidis, who says that the calamities and plight caused by the coup and invasion must teach the Cypriot people a lesson and make them draw the correct conclusion, which is that nothing else but vigilance, unity and joint struggle will avert pending dangers.

CSO: 4908

'I MAKHI' APPEALS FOR THE UNIFICATION OF RIGHTWING

Nicosia I MAKHI in Greek 17 Jul 79 p 7 NC

[From the "Militant" column: "National Need"]

[Text] Today the unification of the rightwing constitutes a national imperative and need. The division among the nationalist-minded people serves solely the communists and their fellow travelers. The damage to our national issue by this division is very great; yet, there are people who do not want to believe this or cannot understand it, because they are shortsighted and narrowminded, and who pose as political figures. Truth is crying out that with the rightwing divided, and with part of the rightwing being dependent on communist crutches, the Cyprus problem cannot be resolved in accordance with our wishes because the Western quarters will not trust a government that is dependent on the communists.

We believe it is high time that partisan passions, ambitions, egoism and personal interests be set aside and that all the nationalist-minded people be concerned about the real national interest. Mr Kyprianou's ruling party must understand that the people's unity cannot be achieved so long as the president of the republic will give in to the communist demands for persecution and "purge."

Likewise, the president of the republic himself must understand that his cooperation with the communists thus far has damaged not only our national issue and the rightwing, but himself as well.

CSO: 4908

DENKTAS LOSES GROUND, PEOPLE FAIL TO FOLLOW HIM

Nicosia 0 AGON in Greek 17 Jul 79 p 1 NC

[Column from THE OBSERVER's "My Opinion"--"The Turkish Cypriot Tide and Denktas' Recent Hysterical Outburst"]

[Text] The inflammatory, chauvinistic and bigoted statements made by Denktas at the village of Sinda and in Famagusta prove that he has completely lost self-control. The continuous threats, snarling and out-dated slogans by the Turkish Cypriot leader are being dictated exclusively by the serious internal reaction he is facing.

Basically Denktas and his hysterical cries are not so much directed at our side as at the Turkish Cypriots.

Denktas, who by bad faith is the leader of the Turkish Cypriots, has taken out of mothballs all the successful or unsuccessful slogans of Turkish chauvinism. He revived the "Greek bugbear" in order to terrorize the Turkish Cypriots who have doubts about his partitionist catastrophic policy and has embarked on a desperate effort to stop the growing Turkish Cypriot tide that will sweep away the partitionist barriers erected by him.

Denktas' visits to the occupied villages, particularly to the areas where Turkish Cypriot refugees are living, are not accidental. The same applies to his declarations of hatred against the Greeks.

Denktas must be aware of the strength of the Turkish Cypriots' will. He receives the messages from the Turkish Cypriot masses. He is aware of their reaction and he is disturbed. He realizes that the enmity of the Turkish Cypriots toward himself, his regime and his goals is climaxing.

Denktas does not feel happy and cannot sleep well when he sees how strongly the Turkish Cypriots criticize his recent measures for the economic unification of the occupied areas with Turkey; when he sees the Turkish Cypriot working people reject the solution of confederation; when he sees 15 Turkish Cypriot organizations denouncing the Turkish invasion as being

responsible for the present tragic situation in Cyprus; when he sees the policy of rapprochement with the Greek Cypriots gaining ground among the Turkish Cypriots.

Undoubtedly Denktas must have more serious indications of the Turkish Cypriots' outcry against him than we have. This is why he talks this way, and this is why Denktas is reacting so strongly and violently.

He wants to bring the Turkish Cypriots back to him and he thinks he will achieve this by brandishing the "Greek bugbear," by talking about "the dreams of the Greeks to get back Istanbul and to unite Cyprus with Greece," by reminding them of the "mass graves" and the "violence of the Greeks," and by appealing to them to "stay away from the Greeks" in order to avoid a "fresh massacre."

Denktas wants to terrorize the Turkish Cypriots, to divert their attention and to silence them.

This is the purpose of his recent outburst. This is the meaning of his recent hasty visits; his snarling, sometimes agonizing, on other occasions threatening and sometimes beseeching, aims at this.

Now Denktas feels he is losing ground. The Turkish Cypriots are not following him. They are not following the road pointed out by him. Although there might be some people among us who laugh at, or do not believe in the continuously growing resistance of the Turkish Cypriots against Denktas and his policy, we believe that this resistance and reaction can develop into one of the greatest weapons by means of which we shall be able to foil the Turkish partitionist plans.

CSO: 4908

PAPAIOANNOU ADDRESSES AAPSO CONGRESS IN NICOSIA

Speech Reported

Nicosia Domestic Service in Greek 1130 GMT 10 Jul 79 NC

[Text] The work of the AAPSO Congress continued in Nicosia today. In an address, AKEL Secretary General Papaioannou said that the internal aspect of the Cyprus problem can and must be solved by the Cypriots themselves, without any foreign interference, at the intercommunal talks table under UN auspices and on the basis of the Kyprianou-Denktaş 10-point agreement of 19 May.

Mr Papaioannou reiterated that the fundamental interests of Greek and Turkish Cypriots require that they must resolve their differences within a spirit of good will and cooperate in a joint front against their real enemies. As for the external aspect of the Cyprus problem, Mr Papaioannou reiterated that it can and must be resolved at an international conference within the UN framework.

Referring to the Middle East problem, Mr Papaioannou again declared the Cypriot people's solidarity for the Palestinian people and added that the solution of the problem can be found through the fair solution of the Palestinian question and the withdrawal of Israeli troops from all Arab territories. He also declared solidarity for all the people struggling for freedom, and against imperialism and its tools.

Papaioannou Speech

Nicosia KHARAVGI in Greek 11 Jul 79 pp 1, 7 NC

[Speech by AKEL Secretary General Papaioannou at the AAPSO session in Nicosia on 10 July]

[Excerpts] On behalf of the Restorative Party of the Working People (AKEL), I wish to convey warm greetings to all the delegates of the Afro-Asian People's Solidarity Organization attending this important international conference in Cyprus.

This conference takes place at a time when SALT II has been signed between the Soviet Union and the United States for the limitation and control of nuclear arms; when the aggression of the Chinese leadership against the Socialist Republic of Vietnam has been crushed, following the Iranian people's victory over the shah's tyrannical regime; when the heroic Sandinistas are on the verge of overthrowing the Somoza fascist regime in Nicaragua, while the harshly tried but undaunted Palestinian people are heroically struggling to crush the criminal aggressive activities of the Zionist gangsters and free their country.

The Cypriot people, who are themselves waging a life or death liberation struggle, are wholeheartedly on the side of the Palestinians and of all the other Arab peoples who are struggling for freedom and independence.

The Cypriot people, who know from their own experience the importance of international solidarity, are wholeheartedly on the side of the Palestinian and of the other Arab peoples; of the heroic people of Vietnam; of Zimbabwe-Namibia of South Africa; of the heroic people of Nicaragua, Chile; and in general, of people who are struggling against imperialism, Zionism, racism and reaction, and for freedom, democracy, social progress and peace in their own countries and throughout the world.

Cyprus was declared an independent state in 1960, but it has never actually been independent and sovereign. The British imperialism kept 90 square miles of Cyprus and another 32 points all over the island for the "sovereign base areas," as it called them. The British imperialists have kept the right to use the roads, harbors, airports and our airspace for military purposes. Moreover, they kept the right to use additional territory on Cyprus for their military exercises.

U.S. imperialism, which was given the right to operate three espionage stations on Cyprus during the British colonial regime, continued to operate these stations even after the declaration of independence.

Thus, Cyprus' independence was mutilated from the very first day that the island was declared independent.

And now, following the loss of its positions and bases in Iran--as a result of the Iranian people's heroic struggle--with British consent, U.S. imperialism has transferred some of its military forces and equipment from Iran to the British bases on Cyprus, which are now being used by American U-2's to spy on the territories of progressive Arab states and on the Soviet Union.

Following the dissolution of CENTO, U.S. and NATO imperialism has been trying to set up a new imperialist alliance in the eastern Mediterranean that will consist of Turkey, Israel, Egypt and Greece, and will have Cyprus as the strongest base of imperialism in the Near and Middle East.

This is the deeper cause of the Cyprus problem, the root of which being the imperialists' interests and their strategic plans for the region.

The Cyprus problem has two basic aspects, an internal and an external aspect.

The internal aspect can be resolved by the Cypriots themselves without any foreign interference. It can and must be peacefully resolved at the intercommunal talks, under UN auspices, as envisaged by the pertinent UN resolutions.

We believe that an agreement on the internal aspect of the Cyprus problem can and must be found on the basis of the 10 points agreed upon on 19 May 1979. There can be and there must be agreement on the basis of federation; there cannot be and there will be no agreement on the basis of confederation.

We believe that this is the crux of the problem with regard to the two communities. In March-April 1977, the late President Makarios proposed a biregional federation and submitted a map to this effect. From what we know, these proposals are still valid, and it has been officially stated that they are valid.

If Mr Denktas' view is biregional federation and not confederation, there is no reason why the talks should not proceed. But if with the term bizonal he means two separate states that will be linked by an agreement into a confederation, then Mr Denktas is totally outside the sphere of a federation and there cannot be agreement. According to prominent constitutional experts, the word zone is not used in connection with the constitutional setup of a federal republic. The words used are region and area, but why shouldn't they explain what they actually mean by the word bizonal? If they really mean federation, although this is not the correct word, at least this would serve to explain their view.

We want to arrive at an agreement with the Turkish Cypriots and jointly struggle against our common enemy, imperialism and foreign occupation.

The Turkish Cypriots are Cypriots themselves, and as for the party that I represent, it is the party of both the Greek Cypriot and Turkish Cypriot workers and working people.

At the beginning of my speech I referred to the external aspect of the Cyprus problem. This aspect concerns the treaties Cyprus was compelled to sign as a condition for its declaration as an independent state; it concerns the treaty of establishment by which the British imperialists kept part of Cyprus for themselves as their own bases; it concerns the treaties of guarantee and alliance among Cyprus, Britain, Greece and Turkey, by virtue of which Greece and Turkey acquired the right to have military contingents on Cyprus.

All these treaties must be abolished. The British bases must be dissolved, and all the British and U.S. military personnel and equipment must be removed from Cyprus.

The treaties of guarantee and alliance must also be abolished and must be replaced by guarantees from the UN Security Council or by any other dependable guarantees. The external aspect of the Cyprus problem can and must be resolved at an international conference within the UN framework. Thus, in this way, both aspects of the Cyprus problem can be resolved and a fair Cyprus solution can be found.

CSO: 4908

PAPER ASKS DENKTAS TO EXPLAIN VIEWS ON UNITY

Nicosia ELEVETHERI KYPROS in Greek 13 Jul 79 p 1 NC

[Editorial: "Unity, Bizonality and Denktas"]

[Text] Now Denktas says that unity will be achieved by means of bizonality. And he argues and says: "Unity in Cyprus will be achieved with the establishment of a bizonal federation that has been agreed upon. The efforts to close our eyes to historical developments that have brought Cyprus to this point will not lead to unity but will perpetuate the present separation."

Today the Turkish Cypriot leader is posing as a defender of unity; he is also expressing concern over the present separation(!). The contradiction between Denktas' words and concepts is obvious; the one rules out the other. Unity on one hand--irrespective of interpretation--must mean unity; and bizonality on the other hand, as Denktas understands it, means borders, two separate states.

What one could tell Denktas in answer to his theory, is that if he really wants the unity of Cyprus and of its people, he should set aside craftiness and trickery and clearly explain--we shall be only too glad to listen to him--how he views unity in the practical field and what concrete recommendations he has to make in order to avoid perpetuation of separation.

If what the Turkish Cypriot leader has in mind is unity, territorial and state unity, abolition of every form of separation, then let him explain it at the proper venue, that is at the talks table.

CSO: 4908

NATURAL GAS LAW, WORLD'S LARGEST COAL PACT APPROVED

No N-Energy Before 1990's

Copenhagen BERLINGSKE TIDENDE in Danish 18 May 79 pp 1, 18

[Article by Erik Bendt Rasmussen: "Danish Nuclear Power in Mothballs until 1990"]

[Text] The electric powerplants in Jutland and on Fyn no longer believe it will be politically possible to introduce nuclear power in Denmark during the next 10 years. While until recently it was assumed that the first nuclear powerplant would be ready for operation by the middle 1980's, the long-range planning by ELSAM, the Jutland-Fyn cooperative, assumes that the first nuclear powerplant cannot be in operation until 1990. This means that projects of recent years have been put in mothballs.

This information is apparent from the ELSAM report "1979 Expansion Plan," dated 17 May, which states that nuclear powerplants cannot be put into operation before 1990. Thus ELSAM takes the consequences of the political statements made by the government following the accident at the Three Mile reactor in the United States, making it apparent that nuclear power will not be introduced in Denmark until all problems of reactor safety have been solved, with the greatest possible guarantee against accidents. ELSAM calculates that at least 1 year will pass before a complete report will be available on the Three Mile accident. It is apparent from the "1979 Expansion Plan" that for the time being powerplant output will to the greatest extent possible be based on coal and oil. Storage facilities will continue to be expanded so that fuel can be stored for up to a year's production. Long-term opportunities for purchases of coal and oil are to be investigated.

ELSAM continues cooperation with Elkraft--the Sjællæand Electric Power Association--in a long-range nuclear power project, so that the first Danish nuclear powerplant can be ordered the day the necessary decisions are taken in the Folketing. Because the powerplants of Jutland and Fyn do not count on nuclear power before 1990, it is pointed out, air pollution and emission of chimney ash will double in the 1980's because increased power production must be based on coal and oil: These emissions can be reduced again when nuclear power production is introduced, says ELSAM.

Nuclear Power Still Advocated

Greeted by rounds of applause, ELSAM Director G. Lund-Jensen, speaking at the meeting of stockholders' representatives, characterized press reaction to the nuclear plant accident in Pennsylvania as "hysterical and exaggerated."

The meeting of the stockholders' representatives showed that only a few Fyn company representatives thought ELSAM should abandon plans for nuclear power in Denmark. The same members voiced criticism of ELSAM's imports of coal from South Africa. Thus the majority of ELSAM stockholder representatives supports ELSAM's board of directors, which has decided that the accident in Pennsylvania should not affect the Danish decision on Nuclear power.

Coal Pact With Poland

Copenhagen BERLINGSKE TIDENDE in Danish 19 May 79 p 16

[Article by Erik Bendt Rasmussen: "Billion Agreement on Polish Coal Assures Energy for Denmark"]

[Text] The largest contract for purchase of coal ever negotiated will soon be signed between Danish electric power companies and Poland. At today's prices, the contract's value is 1.5 billion kroner. The buyer is the Elkraft group, composed of the Sjaelland power plants, and the seller is Weglokoks, the Polish state organization for coal export. For a term of 4 years, the contract will provide the coal for increasing power production by the Isefjord plant, the Copenhagen Light Company, and the SEAS [expansion unknown], all of Sjaelland. Increased power production is needed because the planned atomic powerplant at Stevns has been shelved for the time being.

Deliveries Beginning in 1980

Weglokoks, the Polish coal export organization, will begin deliveries on 1 January 1980, to amount to 2 million tons annually. This will cover about one half of the annual fuel consumption of the Sjaelland powerplants. The rest of the coal required will come from Germany, England, the Soviet Union, South Africa, and Canada. The main features of the contract have been approved by the two parties; only a few editorial changes in the text remain, concerning transport of the coal to Denmark. Polish ships will carry the coal.

Payment in Dollars

Poland will receive payment in dollars for the coal. Poland will not be required to purchase Danish goods in return for the contract. Danish powerplants have for years had business relations with Weglokoks, and this is one reason why Weglokoks has earmarked deliveries to the Elkraft group for the next 4 years. There is high probability that the contract can be renewed when it expires, providing the powerplants of Sjaelland with an assured new supply of coal.

Electric powerplants must in coming years assure themselves of considerable coal deliveries because many housing areas, single residences, and apartment houses are being built with electric heating. The summer house areas, as well, will increasingly enter the picture. In addition, it is assumed that electric household appliances will increasingly be used, not to mention advanced radio and television equipment, of which we have seen only the beginning. Agriculture, which thus far has not been a heavy consumer of electricity, is the "black horse" of the future as concerns electricity. It must be expected that mechanized and automated forms of operation will mean higher electricity consumption in agriculture as well, in both buildings and fields, as for example, in irrigation installations.

Powerplants Mix Coal

The Polish coal comes from mines around Katowice. Quality is the very best. The reason why the powerplants cannot burn Polish coal exclusively, but must get coal elsewhere in the world too, is that coal is not just coal. The amount of heat, slag, and ash produced differs from country to country. This is due to the fact that in past ages coal was formed from different organic compounds; in some countries preponderantly from tropical trees and plants, in other countries chiefly from woody plant remains. The powerplants therefore mix the kinds of coal so that the smallest possible amounts of slag, ash, and gases are produced in combustion. If, for example, coal with very high gas content were used exclusively, explosions could occur at the plant.

Denmark began purchasing coal in Poland in 1945, and to date has bought 65 million tons of coal from Poland. The reason why the Elkraft group now has secured for itself a long-term contract is probably that in coming years the demand for coal will increase in the world market because heavy oil is becoming more expensive and because development of nuclear power is entering a period of stagnation following the accident at the Three Mile reactor in the United States.

Natural Gas Net Law Passed

Copenhagen BFRINGSKE TIDENDE in Danish 31 May 79 p 11

[Article: "Natural Gas in 1984, but 15 Years Required for Completion of Project"]

[Excerpt] The natural gas project will be far more costly than expected. Calculations by the powerplants show that the cost of the pipeline alone will be 1 billion kroner, or 30 percent more than estimated by the state company Danish Oil and Natural Gas [DONG]. If the estimate by the power companies is more correct than that presented by the government, this, the largest project in the history of Denmark, will hardly be profitable. In addition, the government has in a number of replies to the Folketing energy committee admitted that it is not known what the project will cost counties and municipalities. Here as well, unofficial estimates show a large deficit.

The NESA [expansion unknown] estimates the cost of burying feed lines at 929 million kroner, as against 540 million kroner in the government estimate. Cost estimate for distribution lines is 2,376 million kroner as against 1,760 for the government estimate. The NESA final figure is therefore 3,305 million kroner as against the government's 2,300 million kroner for the pipeline part of the natural gas project.

The Trade Ministry says in a comment that the difference arises because DONG wishes to put feeder lines through from roads to users by means of a jacking method. This is rejected by the NESA. DONG holds that pipe can be placed mechanically in streets and sidewalks. This cannot be done in city areas, NESA asserts on the basis of extensive experience.

11256

CSO: 3106

VIROLAINEN INTERVIEW DRAWS HEATED REACTION

Kekkonen Shocked

Helsinki UUSI SUOMI in Finnish 21 Jun 79 p 7

[Article: "Kekkonen on Virolainen's Interview, Incorreced Statement on Foreign Policy"]

[Excerpt] In President Urho Kekkonen's opinion Diet Speaker Johannes Virolainen "has made an incorrect statement about Finland's foreign policy and international position".

President Kekkonen strongly condemns Virolainen's interview given last week to SUOMEN KUVALEHTI, in which Virolainen has been interpreted as saying that the failure to include the Conservative Party in the government results from a fear of "night frost".

"Virolainen's understandings and illusions have nothing to do with the facts," stated Kekkonen on Wednesday in a statement that was made public.

Kekkonen stated that he was appalled when he read that interview.

"The speaker of the Diet has for reasons, completely unknown to me, made an incorrect statement about Finland's foreign policy and international position".

"With this behavior he has caused harm to the state. The extent of this harm with respect to our international reputation is at this moment impossible to evaluate."

Kekkonen says that he is profoundly displeased.

Virolainen's Interview Comes Full Circle

In the interview Center Party Chairman Virolainen did not once mention the night frost government by name or even directly refer to it. However, it clearly emanates from the interview, and Virolainen has not refuted any

public interpretations. Indeed, he has mentioned that he has also been misinterpreted.

Schedules Have Changed

With the letter from the Foreign Ministry in his pocket Virolainen marched into the meeting of his own district office, but he did not stay there long. Kekkonen's message had already been read in the news.

After this Virolainen did not agree to an interview or a meeting.

After Kekkonen had his say on radio and television Virolainen also made a statement.

He did not consider that Kekkonen's statement required any interpretation. In Virolainen's opinion the test was clear.

Virolainen stated that in the SUOMEN KUVALEHTI interview he did not refer to foreign policy, but was talking about domestic policy.

He said that his statement was a part of that animated discussion which has been going on since the election. Virolainen also considered that this will not stop with this.

Before he cancelled the Wednesday evening meeting, Virolainen stated that he did not intimate anything in that interview. "Everything in it was stated forthright if one reads it correctly. It makes a good story," stated Virolainen in the morning.

A Stern Statement

We have become accustomed to hearing stern statements and angry criticisms from President Kekkonen. However, this criticism directed at Virolainen is unusually harsh.

The reason for this is considered to be purely of a foreign policy nature. It is apparently not the statement concerning the conflict between the Center Party and the Conservative Party even though it is, perhaps, at least an accidental jab at the basis of this discussion.

Instead, the response that has come from western countries has angered Kekkonen and affected the tone of the statement.

The interview in SUOMEN KUVALEHTI was noted in a negative sense in West Germany, among other places.

Consequences?

Even though President Kekkonen directed his statement at "Speaker" Virolainen, it will not over the short term affect his position as speaker

since the timing of the statement was on the first day of the summer break for the Diet.

Moreover, in the Center Party there are pressures against Virolainen being speaker and Kekkonen's statement may affect this struggle.

Only Kekkonen's Word Is Heard in Germany

In the Federal Republic of Germany Speaker Virolainen's interview has caused general bewilderment, of which the first sign was the article published on Wednesday in the prestigious FRANKFURTER ALLGEMEINE.

West German politicians are particularly confused by that contradiction which prevails between the speech given by Johannes Virolainen last fall in Bonn and the interview in SUOMEN KUVALEHTI.

In a speech given at a meeting of the International Parliamentarians Union (IPU) Virolainen talked about the concept "Finlandization" in no uncertain terms and emphasized the view that Finland's foreign policy is not in any case dependent on the opinions of foreign states.

The official position of the Foreign Ministry of the Federal Republic of Germany is that "only the word of the president of the republic is valid". The West German Foreign Ministry is well informed about the response in Finland to Virolainen's comments. According to representatives of the ministry the general impression is, however, that Virolainen's statements will once again have a snowball effect in the press and other means of communication in the Federal Republic of Germany: "Finlandization" will once again come to the surface if when an unusually impartial impression of our country's foreign policy line was appearing in that country's press as a result of Kekkonen's state visit to the Federal Republic of Germany. Our country's embassy in Bonn, in particular, will in the near future be forced to sit on the firing line immediately after having successfully evaded the bogeyman of "Finlandization".

Virolainen Claims Misinterpretation

Helsinki DEMARI in Finnish 21 Jun 79 p 5

[Article: "Virolainen Refutes Accusations"]

[Text] On Wednesday Diet Speaker and Center Party Chairman Johannes Virolainen was astonished to hear President Kekkonen's statement, in which Kekkonen considered that the speaker had given an incorrect statement about Finland's foreign policy and international position and with his behavior brought harm to the country.

In his statement President Kekkonen referred to the interview published in SUOMEN KUVALEHTI a week ago.

Virolainen refutes the accusation that he has brought up foreign policy views in the interview. In Virolainen's opinion the interview can only be interpreted as a statement on domestic discussion.

He emphasizes that the interview is part of that specially animated discussion which has been going on since the election with respect to why the victorious Conservative Party is not in the government.

"My interview was not a foreign policy statement, least of all a statement advocating a change in Finland's foreign policy," emphasizes Virolainen. References to foreign policy were in his opinion the newspaper's own evaluation and not those of the person being interviewed.

As far as the reference in the interview to the geographical position of the Soviet Union is concerned Virolainen states that the government must take this premise into consideration in its actions. This has been stated hundreds of times and according to him there is nothing new in this.

The statement about "overall factors", which kept the Conservative Party out of the government, Virolainen says he borrowed from Chairman Harri Holkeri.

"Chairman Holkeri could have attempted a nonsocialist majority government, but he considered that the Christian League is not suitable to be a part of this majority as a result of overall factors. These are those overall factors," stated Virolainen.

In last Friday's issue of SUOMEN KUVALEHTI Virolainen stated that "overall reasons and not internal reasons" are keeping the Conservative Party outside of the government.

He referred to Finland's position in Europe as well as to the fact that Finland is the only one of the Soviet Union's neighbors in which there is a Western system. "In forming a government we must take into consideration the fact that it must in all respects be capable of acting. I have been involved in those attempts which have failed and I will not do it again," stated Virolainen. According to the newspaper he referred to the so-called night frost government in the years 1958-59.

Also Center Party Vice Chairman and Foreign Minister Paavo Vayrynen commented a while back about the Conservative Party being in opposition in spite of its huge election victory.

Vayrynen commented on President Kekkonen's speech about "a moderate right-wing" at the time of the electoral elections. According to Vayrynen the President meant only a portion of the Conservative Party by the term "moderate rightwing". In Vayrynen's opinion the actual nucleus of the Center Party, that portion of the party which opposed Kekkonen's reelection or did not participate in it, is not included in the president's definition.

According to him there is a considerable moderate and center-type force in the Conservative Party. This portion of the Conservative Party could according to public statements by leftwing leaders participate in a broadly based government and strengthen the nonsocialist part of the government.

"Since these forces are bound to the rightwing, which is incapable of co-operation, for the sake of party unity, they cannot be used in government policymaking," stated Vayrynen.

Kekkonen Heads Off Censure

Helsinki HELSINGIN SANOMAT in Finnish 27 Jun 79 p 3

[Article: Kekkonen Saved Virolainen From Center Party Reproach

[Text] President Urho Kekkonen saved Johannes Virolainen from the reproach of the Center Party on Tuesday when the Center Party administration discussed the foreign policy conflict between the president and the speaker.

The Center Party administration discussed Virolainen's explanation of the situation which arose last week when the president accused Diet Speaker Virolainen that the latter had caused harm to the state by his foreign policy statement in SUOMEN KIVALEHTI.

Before the meeting of the Center Party administration Virolainen had discussed the matter with President Kekkonen. After the discussion Virolainen brought a message to the Center Party administration saying that the president does not want any decisions with respect to this matter. The K-line of the Center Party, which is opposed to Virolainen, was ready to reproach the speaker as a result of his foreign policy statement. The president's message assured the party administration that no decision is needed. The discussion concerning the matter was declared secret.

However, it was stated in the discussion that the conflict between the president and the Center Party Chairman cannot help but cause damage to the party.

10576

CSO: 3107

VAYRYNEN: ONLY 'MODERATE' CONSERVATIVES FIT FOR GOVERNMENT

Helsinki UUSI SUOMI in Finnish 11 Jun 79 p 7

[Article: "Vayrynen Split Conservative Party Into Two"]

[Text] According to Center Party Vice Chairman and Foreign Minister Paavo Vayrynen Finland's "real rightwing" cannot be included in a broadly based government since the leftwing does not want to be in cooperation with it. The real rightwing may go into the government only in the very improbable situation that the country obtains a short-term, nonsocialist majority government as a temporary solution, stated Vayrynen on Sunday at the summer festival of the Center Youth League in Suonenjoki.

This, according to Vayrynen, was also realized in the Conservative Party when the party leadership attempted to label the Christian League and the Rural Party as "extreme rightwing" and the Conservative Party as a party of the "moderate rightwing". According to Vayrynen this is the way in which an attempt has been made to create the impression that our country's real rightwing is to be found in the Christian League and the Rural Party and that the Conservative Party belongs to the center.

Vayrynen doubted the correctness and credibility of this impression.

Vayrynen asked whether the Conservative Party is not still the real rightwing's own party in Finland?

What Did Kekkonen Mean?

Vayrynen stated that he is not completely sure what President Urho Kekkonen meant when he talked about a "moderate rightwing" before the electoral elections. However, Vayrynen doubts that the president meant the Conservative Party by the term "moderate rightwing", but evidently only that part of the Conservative Party which was prepared to cooperate with the left and the center in the electoral elections. In Vayrynen's opinion this "moderate rightwing" definition does not include the actual nucleus of the Conservative Party, that part of the party which opposed Kekkonen's reelection or did not participate in it. According to Vayrynen the hold of rightwing forces on the Conservative Party does not seem to have subsided after the

Diet elections as Diet faction elections and activities have indicated.

Vayrynen stated that inasmuch as his evaluations are correct, the Conservative Party's goal that the party will finally march into the government through the front door only with increased support does not seem realistic.

The Crux of the Political Problem

Vayrynen considered the crux of Finland's political problem to be that a considerable portion of the moderate and even center force is bound to the real rightwing within the Conservative Party. "According to public statements by leftwing leaders this portion of the Conservative Party could participate in a broadly based government and strengthen the government's nonsocialist portion," stated the vice chairman of the Center Party, but he also noted that since these forces are bound to the real rightwing, which is incapable of cooperation, for the sake of party unity, it is not possible to use them in government policies.

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CSO: 3107

SALOLAINEN SEES CENTER PARTY PLOT TO SPLIT CONSERVATIVES

Helsinki HELSINGIN SANOMAT in Finnish 17 Jun 79 p 5

[Article: "Salolainen Accuses Center Party of Trying to Split Conservative Party"]

[Text] According to Conservative Party Diet Member Pertti Salolainen the Center Party is striving to split the Conservative Party. According to Salolainen, who spoke in Helsinki on Saturday, it seems that the leadership of the Center Party has made an analysis in which a decision has been made with respect to the necessity of splitting the Conservative Party.

According to Salolainen "certain statements coming from Center Party quarters in recent days point to the fact that the room for movement in Finland's domestic and foreign policies has become more narrow in a decisive manner since the situation that prevailed in the 1960's".

It is, however, evident that it is a question of a tactical concept reflecting the policy goals of the Center Party and not an actual reflection of foreign policy realities, estimated Salolainen. Salolainen's speech can be considered an answer to Center Party Chairman Johannes Virolainen's interview, which was published in SUOMEN KUVALEHTI on Friday. In it reference is made to the so-called nocturnal frost government at the end of the 1950's as an explanation for why the Conservative Party is still in opposition in spite of its election victory.

Also Foreign Minister Paavo Vayrynen (Center Party) doubted the foreign policy credibility of the Conservative Party in a speech he gave a week ago.

In Salolainen's opinion the "already mouldy foreign policy labeling axe" is suitable as a weapon for the Center Party in disrupting the Conservative Party. Also it is attempting to negate the efforts of the Conservative Party's constituency by keeping the party under-represented with respect to its parliamentary power in all possible connections.

According to Salolainen the Center Party now alone bears the responsibility for the prevailing position. The result may be contrary to what is desired since the Center Party itself is internally badly divided and the struggle for leadership seems to have commenced in earnest in the party's districts."

SWEDISH PEOPLE'S PARTY TO SEEK MORE BILINGUAL SUPPORT

Helsinki UUSI SUOMI in Finnish 11 Jun 79 p 8

[Article by Olli Havu: "Swedish People's Party Leadership 'Becoming Finnish'"]

[Excerpt] An extremely tense vice chairmanship election, a nuclear power discussion, and dissatisfaction with public policy statements dominated the final day of the Swedish People's Party Congress on Sunday in Kristiinankaupunki.

Education Minister Par Stenback was reelected party chairman. An attempt was made at the meeting in Kristiinankaupunki to balance the composition of the vice chairmanship in such a way that all the various persuasions in the party would be represented in the party leadership.

Diet Member Ingvar S. Melin represents the rightwing and industry in the new leadership and Diet Member Hakan Malm represents agriculture. Malm received 710 votes for the vice chairmanship while Melin received 691. A tight race was held with respect to female representatives, and finally for the first time a Finnish-language candidate, Assistant Judge Paivi Hirsikangas, was elected with 573 votes. Master of Art Maj-Britt Palmgren received 537 votes and RKP [Swedish People's Party] women's chairwomen Ulla Gyllenberg received 155 votes.

In a preliminary vote for vice chairman, which was held early Sunday morning, Palmgren obtained 48 votes. Hirsikangas was left in second place with 35 votes. The election committee, which proposed Hirsikangas for the chairmanship, made the race equally matched.

Before the elections she was supported on a territorial basis since Stenback as well as Melin came to the chairmanship from the area of the capital city. Maj-Britt Palmgren also represented the Helsinki area as a candidate. Hirsikangas, on the other hand, was brought into the elections from the area of Turku. In addition, her trump card also included bilingualism.

Palmgren's candidacy, for its part, was proposed from the point of view of "real politics" since it is considered that Hirsikangas is too closely connected with the party's more radical youth movement.

At an otherwise peaceful meeting opposition to nuclear power and dissatisfaction with public statements arose as points of difference in addition to the vice chairmanship elections.

Representatives of the RKP's youth movement, in particular, wanted to oppose nuclear power.

They demanded a complete withdrawal from nuclear power projects and an impartial study of the matter.

According to those dissatisfied with the first public statement the RKP should make public statements containing stronger positions, by which the party's image would be made brighter.

The RKP took good advantage of its short term in opposition and maintained last spring's parliamentary strength in the Diet elections, states the general policy statement of the party congress. According to the statement the government negotiations also concluded favorably for the party since it was about to capture two important ministerial positions. On the other hand, the party congress was of the opinion that the need for that general policy change which became evident in the results of the Diet elections has not been given sufficient consideration. However, the reasons for this are to be found outside of the RKP, stated the public statement of the party congress.

The party congress was also satisfied with the government program, in which many questions important to the party were taken into consideration.

However, the party congress was of the opinion that the RKP's government work should be based on the party's own election programs as well as on center party economic policy positions before the elections and during the government negotiations.

The Party Congress demanded forceful actions for slowing down emigration. Emigration to Sweden particularly affects Swedish-speaking areas, stated the party congress and emphasized that the overall tax level must not be increased.

Hirsikangas on Her Election: A Question of the Right Person

Outright language policy circumstances did not elevate me to the chairmanship of the RKP, stated Paivi Hirsikangas, but she also noted that she will, of course, take it upon herself to become involved in the problems and positions of bilingual and Finnish-speaking people in the RKP.

Hirsikangas was also of the opinion that her election meant that the RKP is now waging a kind of struggle for supporters with a certain other party. In her opinion one reason for her election may be that the party is now approaching those socialists who are possible RKP supporters.

Hirsikangas also refuted the idea that her election and close victory over Palmgren would in some way result in the exodus of the party's Christian supporters. "The election was purely a matter of the right person," she stated at a press conference and stated that she will continue her work within the framework of questions concerning women as well as the activation of women in party work.

Hirsikangas, who is the first Finnish-language vice chairperson in the RKP, also stated that her own viewpoints are close to the main policy line of the party and that she is not bound to any certain political direction.

At this congress of the RKP it became clearly evident that the rightwing is now more cautious than at any previous party congress in this decade. Vice Chairman Ingvar S. Melin, who represents the rightwing, considers that the rightwing has now found its place in the party after a period of certain excesses, which followed Georg C. Ehmrooth's defection in 1973. "Concisely stated, we have come under a common roof of loyalty," stated Melin.

Chairman Stenback was of the opinion that the criticism of the Conservative Party directed at the RKP was apparently one factor which increased the solidarity of the party's rightwing toward its own party. Stenback stated that he had expected greater criticism and dissatisfaction from the party congress than what finally manifested itself. The RKP is now a more united party than a few years ago, evaluated Stenback.

10576
CSO: 3107

LIBERALS OPPOSE NUCLEAR REACTOR CONSTRUCTION

Helsinki UUSI SUOMI in Finnish 11 Jun 79 p 8

[Article by Matti Saari: "Energy Discussion Dominated Liberal People's Party Meeting: Refrain from Building New Nuclear Plants"]

[Excerpt] At the party congress, which concluded yesterday in Kouvola, the Liberals approved a stand, in which the planning and construction of new nuclear power plants is unconditionally rejected.

According to Chairman Jaakko Itala this stand also concerns plans already in the mill at Imatra Power for the construction of a new nuclear power plant.

The Liberals, who have outlined an opposition role, would also completely terminate the activities of several central administrations. The Liberals did not provide an exact list of the administrations to be terminated. In the first place, the list would, however, include those central administrations whose activities are clearly redundant with the ministry in question.

The employment and economic restoration policy program was originally intended to be the third section of the party's economic policy program. In order to avoid greater conflicts the disputed program was changed to a stand.

All Attention on Employment

The Liberals are adopting the improvement of employment as the most important goal of their employment and economic restoration stand. In order to accomplish this, the Liberals are proposing a more active role on the part of society in the creation of jobs and in the manner of the leftwing are prepared to accept a deficit budget as a by-product.

On the other hand, the Liberals consider it important to improve Finland's international competitiveness and to stimulate enterprise. These are according to the Liberals the most important economic stimulants that can be given to the Finnish economy.

For those attending the congress this broad program partly stated in principle was at times too radical and complaints were expressed that it is too leftwing. According to Chairman Itala this program is a typical example of that role which the Liberals are to carry out in opposition. According to Itala with this policy the party will strive to free itself from traditional rightwing-leftwing concepts and to select means appropriate for each particular goal.

Our Own Energy

In addition to an employment and tax policy, these proposed measures also concern, among other things, an energy policy, in which the use of domestic energy sources should be increased in the opinion of the Liberals. The congress, however, removed from the program the precisely defined goal of increasing self-sufficiency to 50 percent of total energy consumption.

No stand was taken in the program with respect to the timely discussion of revaluation. But in Luukko's opinion the revaluation discussion is, however, beneficial even though revaluation is not supported by Luukko.

The Veterans of Koijarvi

The most animated discussion at the congress dealt with energy policies, in which appearing prominently were the veterans of Koijarvi, Ville Komsa and Osmo Soinivaara, who in addition to opposing nuclear power plants also opposed regulating reservoirs and demanded that the price of oil, coal, and natural gas be increased by a tax increase.

In this way development could be directed in a more energy saving direction.

Komsa's proposal was rejected in the preliminary vote by a clear majority. Even though the congress rejected Komsa's proposal, it approved a clear demand in the last section of the general policy stand according to which no new nuclear power plants should be planned or constructed in addition to the ones under construction.

In addition to this, Osmo Soinivaara proposed that the congress approve a point according to which the planner of the use of nuclear energy at Imatra Power should be sent for retraining.

The Liberals' energy program also contained a proposal that there be a clarification of the extent of damage to the environment caused by oil and coal. According to Chairman Itala's understanding these studies could in the near future present completely new challenges to Finland's energy policy.

The Liberals are also demanding the establishment of an environmental ministry and that decisions connected with nuclear energy be submitted to the Diet for approval.

The demand that political appointments be reduced was also included in the program. In the opinion of the Liberals the influence of party policies in appointments should only be allowed in the case of appointments to expressly political offices.

A Research Institute for Labor

In the trade union policy stand the Liberals are proposing a reform of the employment security law and the establishment of a research institute for labor. In the opinion of the Liberals the trade union movement should be included in the electoral system. The name of the TAK [expansion unknown], a cooperative organization for salaried employees, was dropped from the program, but a trade union policy statement was left in its place.

In the reduction of the overall tax level the Liberals demand that the municipal tax not be raised in the future. Also the state assistance system should be simplified and the municipalities should be given general assistance which they could use according to their own needs and plans.

10576

CSO: 3107

FINNS TO PLAN LIBYAN OIL CITY

Helsinki HELSINGIN SANOMAT in Finnish 13 Jun 79 p 27

[Article: "Devecon Plan City for 40,000 Libyan Oil Workers"]

[Text] The export company Devecon is planning a completely new city, Ras Lanufin, in Libya on the coast of the Mediterranean. The city will be built for the workers of the developing oil refining industry and the large nearby oil port.

An American and British design office offered the stiffest competition for the Finnish firm in order to obtain the contract from the Libyan National Oil Company. According to Devecon its acceptance was not influenced by price, but by experience and quality.

Ras Lanufin is designed to accommodate 40,000 residents. It is expected that the city, which will cost more than 3 billion markkas, will be completed in 7 years.

In Devecon the plans for this new city are considered to be a challenge and a comparatively rare opportunity, in which all human points of view are to be considered simultaneously. The main goal is to ensure a permanent labor force and to facilitate the accommodation of families.

First of all, sociological reports will be written, a general plan will be drawn up for the area, and traffic patterns will be planned. The second phase includes mapping as well as the planning of buildings, roads, and a water system. The accomplishment of these first stages will take 6 months.

Devecon is also planning all the details and will supervise the construction. Its total commission for this project will be 50-70 million markkas.

"A Progressive Customer"

Finnish, American, and British design offices competed for this contract until the very end.

In the spring a Libyan delegation came to Finland to acquaint itself with, among other things, the housing administration, the port system in Helsinki, the plants of the Neste Corporation in Porvoo, and with the construction of the city of Porvoo.

"There was no attempt to even haggle about the price," states project designer Kari Lautso of the Liikennetekniikka Corporation, which is one of Devecon's associated offices. Other part owners are the Architectural Firm of Castren-Jauhiainen-Nuuttila, Ekono Inc., the Engineering Firm of Eero Paloheimo and Matti Ollila, and the Engineering Firm Maa ja VESI [Land and Water].

In Lautso's opinion the client was quite progressive in understanding how small the portion of planning is with respect to total expenditures.

The impressions obtained in Finland and Devecon's previous contracts in Libya finally secured the contract for the Finns. The firm has designed, among other things, traffic patterns for Tripoli, the capital city, and at the end of last year it received a contract for road planning, which entailed the planning of a 100-kilometer four-lane highway with bridges to the shore of the Mediterranean, 50 kilometers west of Tripoli. Also in the works are other smaller municipal plans in Libya.

"New Offers Being Considered"

As a result of this new urban planning project Devecon's orders will increase to more than 100 million markkas.

"Quite a few new offers are being considered," states Lautso. According to him the largest of them concerns a new city in Libya the size of Ras Lanufin. The recipient of the contract will be decided during the summer.

At this time Devecon has numerous export projects. The largest of these is the planning of a university, two university medical centers, and a university town in Algeria, on which it started work a year ago. This approximately 60-million markka consulting project was at that time the largest Finnish design project abroad.

A couple months ago the corporation received from Saudi Arabia a 50-million markka construction project, which employs 50 Finnish engineers, construction experts, and technicians.

10576

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REVALUATION DECISION PUT OFF UNTIL AUTUMN

Helsinki HELSINGIN SANOMAT in Finnish 27 Jun 79 p 7

[Text] On Tuesday the Center Party (KEPU) pushed through Prime Minister Mauno Koivisto's (Social Democrat) Government's decision on timber tax reform without the KEPU's having to yield to the left's demand for revaluation of the mark.

The month-old government did not want to have to test its ability to remain in power by revaluing the mark. Thus a change in the foreign exchange rate and other controversial economic policy questions were shelved until after the ministers return from their vacation to be dealt with in connection with debates on the budget in August.

According to Finance Minister Ahti Pekkala (KEPU), the KEPU will only be prepared to talk about revaluation in connection with fiscal policy negotiations. Pekkala hopes that fiscal policy discussions will begin as early as August.

On Tuesday the Koivisto Government held discussions for a couple of hours during which only its readiness to reach agreement on the timber tax dispute was apparent. All other economic and tax policy questions, which were scheduled for discussion by the government before Midsummer's Eve, were left open.

Proposals aimed at combatting inflation and improving the employment situation will be prepared in the Finance Ministry while the ministers are on vacation. Most of the ministers plan to return from their vacations sometime in mid-August. The Finance Ministry proposals are expected to be discussed by the government in connection with the government's budget proposals for next year.

At that time the left wing of the government and the labor union movement will again demand revaluation of the mark, or a raising of its foreign exchange value, unless the economic situation is not then completely different from now.

Revaluation Cannot Be Achieved by Force

The majority centrist parties in the Koivisto Government, the KEPU and the RKP [Swedish People's Party], stuck to their guns to the very end on their opposition to revaluation. The KEPU position was strengthened at the party government meeting held on Tuesday. Since the government majority faction did not consent to revaluation of the mark, the directorate of the Bank of Finland made no proposals on the matter to the bank commissioners at the Tuesday meeting nor to the government.

Koivisto and the rest of the government left wing, who have been advocating revaluation, realized that revaluation cannot be achieved by force.

"This has been an interesting experience as to how easy it is to follow a flexible foreign exchange rate policy in this country," Koivisto sarcastically noted to the KEPU following administration discussions.

"Moderate Brotherhood and Peace"

According to Koivisto, after the Tuesday timber tax decision "moderate brotherhood and peace descended on the government after all, at least for the summer."

Koivisto thinks that the notion of revaluation will remain in the foreground. Koivisto is not enchanted with the idea of linking revaluation with fiscal policy. "Nor was I overly happy before with the thought that our foreign exchange rate policy would become a part of our fiscal policy. But in the meantime, this is the way it seems to be. The fiscal package should not include very broad sectors."

Koivisto feels that the pursuit of export income, promoted by the KEPU, is not out of the picture, "but it is rather a question of having only a slight effect on the situation," Koivisto said, repeating his earlier opinion.

"Wrong Moment for Revaluation"

On Tuesday Finance Minister Antti Pekkala felt that revaluation was now "off the agenda."

"In such a situation, revaluation is not justifiable," Pekkala explained the KEPU's opposition to it. However, according to Pekkala, the KEPU has not excluded the possibility of revaluation forever. "If the circumstances are such that revaluation is a sensible solution, that possibility must exist."

Pekkala feels that discussion on revaluation can be resumed when fiscal policy is discussed. On Tuesday Pekkala hoped that fiscal policy discussion would begin promptly by mid-August. However, he doubted that the labor union movement wants to take a firm stand at a very early date, among other reasons because of the Metalworkers Union elections in the fall.

On Monday the Central Federation of Finnish Trade Unions (SAK), with a million members, threw its weight into the revaluation dispute when the federation's triumvirate presented Pekkala and the Bank of Finland with its demand for revaluation. The SAK's threatening demands have at least not yet been put into effect.

Pekkala said that he told SAK leaders that the government would strive for decisions which would help in producing moderate solutions.

On Tuesday the SAK's other chairman, Olavi Hanninen (Communist), said that a postponement of revaluation would probably accelerate inflation. According to Hanninen, a decision on fiscal policy does now not seem to be in the offing, as was hoped when the agreements were made.

Timber Tax Reservations

The agreement striven for on Tuesday in the government in order to rescue the recommendation on the value of standing timber was not reached without difficulty. The timber tax amendment to the government program was more precisely formulated when the left gave ground on the separate tax paragraph and the KEPU on tax relief for stands of saplings.

According to Tax Minister Pirkko Tyolajarvi (Social Democrat), the left abandoned the separate tax paragraph "with a parliamentary reservation" and the center the sapling stand tax exemption paragraph with a similar reservation. Thus timber tax reform may still give rise to dispute in Parliament when tax proposals are presented this fall in connection with the budget.

The SKDL [Finnish People's Democratic League] ministerial group approved the timber tax decision only on condition that decisions to combat inflation and improve the employment situation that are satisfactory to the SKDL be made.

The timber tax amendment to the government program was more precisely formulated on Tuesday as follows:

The maximum tax-exempt amount of timber that can be logged is increased to 150 cubic meters a year. This will be applied for the first time when next year's taxes are collected.

According to the KEPU interpretation, the separate tax paragraph reads such that the tax applies to all timberlands.

In determining income tax, 1979-1985 taxes will be based on half the net timber yield, but no more than 9,000 marks, as earned income.

Tax exemption for regrowth areas will be effected by designating the amount of taxable cubic meters subject to reduction for from 10 to 25 years from the time the district timber commission has verified the fact that sapling stands in the regrowth area have been established. The tax relief periods

are graduated, 10 years in Southern Finland, 25 years in Lapland. Tax relief is granted to regrowth areas in which regrowth or final logging has taken place at the earliest in 1975 or during the 1976 planting or thereafter.

KEPU Satisfied

The timber tax reforms the government decided on Tuesday mean a timber tax relief of about 100 million marks.

On Tuesday the KEPU party government announced it was satisfied that a solution satisfactory to the KEPU was achieved in the timber tax dispute. The KEPU also feels that it made the right decision in "abandoning revaluation."

"Production activity, particularly profitability and the ability to compete as concerns small and medium-sized businesses, is so low that revaluation would have very negatively affected employment," the KEPU party government argues and at the same time urges the government to take steps to control inflation. According to the KEPU, the government's decisions on next year's budget and fiscal policy are the key points in achieving this.

Conservative Party Found Fault

While the issue was still fresh, the biggest opposition party, the Conservative Party, immediately found fault with the government, which had put off its decisions, by remarking that the government's inaction on the setting of economic policy and its internal inconsistency are harmful to the employment situation. "We could certainly with all due modesty have at least expected of the month-old majority government some bills aimed at strengthening our economy and clearcut policy decisions," the Conservative Party's party government threw in the face of the Koivisto Government, which is now in the mood for vacation.

Decision on Price of Standing Timber

Government agreement on the timber tax means that negotiations between the industry and the MTK [Agricultural Producers Association] on the price of standing timber will be followed through to a conclusion. The recommended price of standing timber has already practically been negotiated. The MTK was merely waiting for a solution to the timber tax dispute before recommending a standing timber price.

The MTK Board of Directors and Timber Committee are meeting today to determine whether the government proposal to adjust the timber tax will satisfy timberland owners or whether MTK organization heads should call another meeting of the timber commission that demanded reform of the timber tax a couple of weeks ago.

A green light from the MTK would mean that the agreement on the newly recommended timber prices could be signed by the beginning of next week. However, the MTK and the timber industry still have to work out certain details in at least one official negotiation.

Moderate Price Hikes

The new timber price recommendations are to go into effect at the change in the logging year, 1 July. A week's delay is in any event not considered to be a very serious matter since timber sales are particularly slow in mid-summer.

The agreement, whose main points have already been negotiated, means that there will be what is described as "especially moderate" timber price hikes. Actually, the general rates of increase have not even been calculated yet, but they will be well under 10 percent, according to type of timber.

The price recommendation agreement, which covers all kinds of timber, also determines timber quantity goals. The amounts of timber logged will be increased at the end of the present logging year by about 15-20 percent, which means a rise of over 40 million cubic meters in volume of timber on the market.

Fibrous timber sales will increase more than other kinds since the just-concluded agreement raises the volume of saw logs by half. This logging year agreement was the first price recommendation agreement to cover the entire country and all kinds of wood. With the new agreement, an attempt is to be made to expand more than before, among other ways, by setting up work groups to follow the situation.

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YOUNG TECHNOCRATS DISPLACING OLD PARTY VETERANS

Helsinki UUSI SUOMI in Finnish 17 Jun 79 p 2

[Commentary by "Kolmas Mies": "Our Bunch Democracy"]

[Text] The filling of the nation's top administrative positions has recently given the impression that, in the balance between competence and political expediency — eternally at odds with one another in a democracy — the scales are gradually being tipped in favor of the latter. Both an examination of the ranks of the party leaders and a review of the new government's list of nominees strengthen this impression.

One interesting episode in the formation of the government was the finance minister's competence as presumed by some people. Ahti Pekkala's capability in this field is as yet untested.

On the other hand, budget authors Paul Paavela and Esko Rekola, held in high esteem even by their political opponents, were made to leave their posts, in Rekola's case, worse yet, for one his earlier duties least qualify him. Esko Rekola's appointment as foreign trade minister is probably one of the most clearcut examples of political expediency.

Democracy may not provide the most effective solutions to political problems. However, leaders promoted to positions of responsibility in a democracy in practice have to find solutions to broadly ranging and difficult problems. In some other democracies, this problem has been solved by further specialization of politicians.

At the same time less and less importance seems to be attached to competence; idealism too — and paradoxically so — is in decline. The idealistic effort and intellectual struggle that are essentially inherent in political activity seem to be being forced out by a wishy-washy kind of moderation and a faceless party technocracy.

The Communists are extending their power in Finland; the Conservative Party is moderate and social; the Swedish People's Party has set its sights on Finnish voters; the Social Democrats are upping their basic prestige; and the Agrarian League center has set itself up as the vanguard of progress.

Since at the same time party leadership posts seem to constitute thoroughfares, stepping stones to cushy jobs, the significance of the party leaders as a guiding light of idealism for the society is on the wane. Harri Holkeri and Ole Alenius's retirement to the pasture of the Bank of Finland or Jansson, Tallgren and Gestrin's withdrawal from active politics shows that the party leaders themselves do not feel that their functions are important enough.

Actually, the only politicians of long-term, intellectually strong and above all thoroughly experienced caliber are Johannes Virolainen and Aarne Saarinen. Elsewhere, posts have been occupied by the "our bunch" crowd of Sundqvists, Suominens, Stenbacks, Vayrymens and Kivistos, all of whom hold largely the same opinions and who only acquired their experience after the 1960's. Following these developments, we might easily imagine that Finland is going through a period of calm, that the big problems are behind us and before us is nothing but an expanse of blue and white open water. This is hardly a true picture of the situation. Both internationally and nationally we are constantly forced to deal with problems that demand ever more hard-to-find basic competence and clearcut intellectual alternatives.

In this "our bunch" democracy the central question in foreign policy discussions, however, seems to be what percent of the rank and file of what party was behind whom years ago or which word has the highest frequency of occurrence in whose manner of speaking. With reference to domestic policy, in the handling of our national affairs, the main term that seems to be gaining favor is the ability to cooperate, the defining of which is already hard to distinguish from the theological disputes of the scholastics.

It often seems to be more important that this crowd does not in any exceptional way differ from other ones. As far as the society is concerned, this may result in important unity on basic policy issues, but at least one big danger is that politics may become a meaningless, banal activity and ordinary citizens part of an unfamiliar ritual which has less and less to do with the solution of political problems. Perhaps it will not only be the fault of officials and labor leaders if the politicians lose their power.

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VAYRYNEN GAMBIT ANALYZED

Helsinki HUFVUDSTADBLADET in Swedish 13 Jun 79 p 2

[Editorial by Jan-Magnus Jansson: "Sheep and Goats Among Conservatives"]

[Text] Whoever believed it would be possible to distinguish between the sheep and the goats among the Conservatives as a result of the adverse publicity connected with the so-called Finnish Cooperative League's visit to Ekud was undoubtedly mistaken. This was evidenced in a speech by the minister of foreign affairs, Vayrynen, the other day to a group of Center youth and his speech should be noted by anyone interested in "what is actually happening relative to what seems to be happening" in our country.

In order to better understand Vayrynen's arguments, we need to go back to the 1977-78 election campaign. In a campaign speech, which aroused lively discussion, President Kekkonen referred to the Finnish Christian League as the "extreme right" and established with greater certainty that a coalition government that would include this party "could not be realized now or in the future." However, he struck a positive note when referring to the "moderate right", which was generally perceived as the Conservatives who joined the six-party front to reelect President Kekkonen. In a TV appearance just prior to the election, Kekkonen emphasized he did not see any fundamental obstacles to the Conservatives' participation in government, but with the reservation that each party would, of course, have the right to elect its own government companions.

The president's remarks led to some rather radical conclusions. It became obvious that the Finnish Christian League would be thrown into the dark, where tears and gnashing of teeth prevailed, and where it has remained since. At the same time, however, the optimistic conclusion was clearly drawn that the role in the Conservatives' road to government had been removed.

In any event, we could say that at no point in the campaign did the president distinguish between the different conservative groups. It is in this area that the statement by the minister of foreign affairs breaks new ground. Vayrynen says he does not know what the president meant by the

"moderate right" prior to the election. But he assumes that the phrase did not apply to the Conservatives as a whole, just those "who were prepared to cooperate with the Center Party and the Liberal People's Party in the parliamentary election." This did not include "the select core of Conservatives" who opposed President Kekkonen's reelection and did not participate in it. According to Vayrynen, this "true right" has by no means let go of its hold on the Conservatives, which has been proven by elections within the party's parliamentary group.

It seems rather unlikely that the minister of foreign affairs would attempt to reinterpret the president on his own. Hence, his remarks must be considered politically important. Instead of a two-way split, the "extreme right" and the "moderate right," the Conservatives are now split three ways, "extreme right," "true right" and the "moderate right." The Center Party can only cooperate with the "moderate right," according to Vayrynen, aside from "the most unlikely situation," wherein we would establish the temporary phenomenon of a nonsocialist government in Finland. The Liberal People's Party does not want to cooperate with the "true right" and the Liberals would normally be part of the government in Finland, in our interpretation of Vayrynen's words.

Two things may be deduced from Vayrynen's remarks: Firstly, the Center Party's continued uneasiness--despite the six ministerial posts and their program--about being forced to sit in government while others are left out. Vayrynen suggests that the Conservatives' desire to get into the government via the front door is an illusion and he asks the party to be realistic.

It is hard to judge what affect this appeal will have on some of the groups within the Conservative Party. It has been said that Conservatives who comprise the so-called Cooperative League are urging a more sensitive ear now that the party is out of office and the change of chairman has been made. Vayrynen does not clearly indicate which Conservatives he considers "moderate" and which belong to the "true" right. But it is obvious that the clique surrounding parliamentary group chairman Sillantaus is among the latter. Now that the far right group, which surrounds Junilla, is virtually eliminated, it is the Sillantaus phalanx that calls the shots.

Of course, there are Conservatives who might be attracted to the government's position as such, but who, above all, believe that the party's political isolation must be maintained, regardless whether it be done through the correct means or not. A split within the ranks of the Conservatives would obviously mean tactical advantages for the Center Party. The competition from the right should be partly eliminated and a group of Conservatives should be separated from the party and made dependent upon the support of the Center Party.

We would arrive at the same system we had in the late 50's, particularly if the newly appointed moderate representation in government were not made possible through right-oriented government and industrial officials, but

directly through the "adoptive sons" system. We said earlier in this connection that the signs are frightening. The value of the Skogian outbreak was hardly equal to the serious injuries it caused in Parliament and the bitterness it created toward the ruling Agrarian League, the Center Party's predecessor. This group did not prove to be a vital force on a long-term basis either and the situation only reverted to normal through the return of the Social Democratic Party.

The Conservatives have responded with a protest, which again proves the party's mild nature and its ability to turn the other cheek. Vayrynen's offensive campaign will hardly have any immediate results either. But the invitation to dance has been made and it remains open to those so inclined.

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CSO: 3109

FOREIGN TRADE AT RECORD LEVELS

Helsinki HELSINGIN SANOMAT in Finnish 21 Jun 79 p 29

[Text] For both exports and imports, the highest figures ever were attained in the Finnish foreign trade sector in May. The May surplus trade balance of 373 million marks raised the total surplus figure for the first 5 months of the year to 1.181 billion marks as against last year's figure of 875 million marks for the same period.

Import volume in May came to 3.635 billion marks and export volume to 4.008 billion. The import volume for January-May was 15.912 billion marks and the export volume 17.093 billion. Both import and export volumes have grown by 25 percent in comparison with January-May of last year.

According to information on all industrial sectors collected by the Customs Administration Board, export volume rose in May. The most noticeable growth was in the lumber and basic metals industries.

The 1.1-billion-mark paper industry export volume was 35 percent higher than a year ago. The biggest growth in export volume for any of the industry's products was 97 percent for cellulose. Exports of lumber industry products were 37 percent higher than a year ago. Sawed lumber exports grew by 35 percent and plywood products by 28 percent.

Basic metals industry exports grew by 75 percent and metal products and machine industry exports by 27 percent. Chemical industry export volume rose by 27 percent, textile, clothing and leather industry exports by 28 percent and food industry exports by 32 percent.

Import volume growth in May was slower than that of export volume. Imports of raw materials and production materials were 27 percent higher than a year ago. The import volume of metal products and machine industry raw materials and production materials rose by 37 percent.

The import volume of fuels and lubricants rose by 38 percent, largely due to a greater volume of imports of liquid fuels than last year. Consumer item imports grew by 22 percent. Investment commodity import volume grew by 6 percent. A slight drop in machine and equipment imports lowered the growth rate.

Trade Balance
(millions of marks)

	May		Change	January-May		Change
	1979	1978	%	1979	1978	%
Imports (f.o.b.)	3,635	2,935	+24	15,912	12,745	+25
Exports (f.o.b.)	4,008	2,942	+36	17,093	13,620	+25
Balance	+373	+7		+1,181	+875	

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CSO: 3107

PHOTOPAPER PROCESSING EQUIPMENT TO BE EXPORTED TO USSR

Helsinki HESLINGIN SANOMAT in Finnish 26 Jun 79 p 20

[Text] On Monday the United Paper Mills' Jylhavaara plant entered into two broad trade agreements. In Finland, the firm has contracted to supply the Rauma-Repola Company's new Rauma paper mill with a line of pulp-manufacturing equipment. The machine shop has also signed an agreement with the Soviet import syndicate, Techmashimport, to supply the Soviet Union with a line of photopaper processing equipment.

According to the trade agreement signed on Monday in Rauma, the two chemical pulp lines to be supplied by the United Paper Mills' Jylhavaara machine shop will meet the mechanical pulp needs of the Rauma-Repola Paper Mill's new newsprint line.

One of these lines requires fir sawdust for its raw material. This line's production capacity will come to 130 tons of finished pulp a day. The other line will consist of chemical pulp made from pine chips. Its production capacity will be 225 tons a day.

Both lines will go into production during the second half of next year. The agreement just signed is the second of its kind in Finland. The United Paper Mills' Jylhavaara machine shop is also now negotiating to supply Australia with a line of pulp-manufacturing equipment. Pulp-manufacturing equipment lines have already been delivered to Norway, Canada, the United States and the USSR, among others.

The photopaper processing equipment order for delivery to the Soviet Union amounts to over 26 million marks. In addition to the equipment, the transaction includes installation, inspection and putting into operation of the equipment.

The machines will be located in Pereslav, northeast of Moscow, where there are many different kinds of chemical industries. The Jylhavaara machines will be installed in a big chemical-manufacturing complex.

During the past few years, the Jylhavaara machine shop has delivered some 15 photopaper processing machines to the Soviet Union. This machine

transaction represents the latest technology in the field. In addition to other features, the drying mechanism is of a new type.

The Soviet photopaper-processing equipment and Rauma-Repola machine transactions are important in terms of employment at the Jylhavaara machine shop because they fill a fourth of the shop's annual employment needs. Jylhavaara is the only manufacturer of this kind of processing equipment in Finland. Its toughest foreign competitors are in Central Europe.

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CSO: 3107

POLICE OPERATIONS AGAINST BRETON NATIONALISTS DESCRIBED

Paris LE MONDE in French 20 Jun 79 p 11

[Article by Christian Tual]

[Text] Rennes--The number of acts of violence committed during the last 5 years in Brittany, which have not been cleared up, is now limited to nine, according to police officers of the Rennes SRPJ [?Information Section of the Criminal Investigation Police], after the operation initiated on 13 June in Finistere, Ille-et-Vilaine, Morbihan and Normandy, during which there were 20 arrests and searches. In 16 months, 50 persons are said to have been turned over to the state security court.

Operations during the past few days have permitted the investigators to charge eight Breton militants with 19 acts of violence committed between 25 July 1976 and 6 March 1979 in Finistere and Morbihan. These include the attack on 29 September 1976 against the Ty Vougeret military camp in Dineault (Finistere) during which Yann Kel Kernaleguen who, according to the police was accompanied by Jean-Charles Grall, a man who was charged and imprisoned on 10 June 1979 (LE MONDE dated 12 June), had been blown to bits by the bomb he was carrying; the attack which damaged the prefecture of Finistere in Quimper on 12 October 1977; and the attack on 14 January 1979 against two pylons near the nuclear powerplant at Brennilis (Finistere).

The eight persons arrested left Rennes for Paris on Monday, 18 June, aboard a special plane. They will be turned over to the state security court this Tuesday, 19 June.

The prisoners are Josette Pochon, age 23, a receptionist at the Quimper prefecture; Pierre Douguet, 23, a teacher in Quimper; Christian Merer, 24, a house master in Quimper; Alexis Bernard, 24, a PTT [?Postal and Telecommunications Administration] employee living in Riec-sur-Belon, arrested Saturday in Saint-Malo as he was returning from Scotland; Martial Menard, 27, a cook in Quimper; Denis Riou, 25, an electrician in Rouen; his brother, Jean-Pierre, 24, a salesman in Concarneau; and Pierre-Yves le Moigne, 24, an FPA [expansion unknown] trainee from Guilvinec living in Lesconil. All of them speak

Breton, but none of them resembles the alienated image attributed by the police to other alleged members of the FLB [Brittany Liberation Front] arrested at the beginning of the month, after the attack carried out on 30 May in Brehec, near Plouezec (Cotes-du-Nord) against the secondary residence of the chief of the Rennes SRPJ, Commissioner Roger Le Taillanter. Their alleged leader was Jean-Charles Grall, who reportedly took charge of this group after the arrests during the summer of 1978. He is said to have acknowledged his participation in 14 acts of violence.

In 16 months, 50 Breton militants were turned over to the state security court for participation in acts of violence, complicity or reconstitution of a dissolved organization (the FLB had been dissolved on 30 January 1974), while three persons (Jacques Surzur, Bernard Alexandre and Yves Masson), alleged coperpetrators, the first-named of the 6 March 1979 attack against the Saint-Brieuc general education building, the other two of the Brehec attack, are still at large.

The "dismantling" of what police officers call the south Finisterian branch of the Breton Revolutionary Army, which took place after the arrests of the beginning of this month, have brought an end to the acts of terrorism of the Breton separatists, at least for a time.

In addition to the arrest of their alleged leader, the police seized a large cache of weapons and explosives which were stored in a workshop-arsenal installed in the heart of the city of Quimper (two Sten machine pistols, 100 cartridges, one grenade, 127 kilos of explosives, 700 meters of slow-burning fuse, 300 meters of detonating fuse, 30 detonators, 700 meters of electric wire, one alarm clock and one soldering iron).

On Monday, 18 June, at 0200 hours, poet Glenmor and Jean Le Calvez, editor of the magazine, COMBAT BRETON, began a hunger strike in the Glomel (Cotes-du-Nord) presbytery to demand to the immediate release of Yann Puillandre, who has been in prison since 3 July 1978 and against whom they say no charge has been placed. They also demand the release of all Breton militants now being detained and whose trials reportedly will not be held until the middle of September.

Four other Breton militants arrested during the anti-FLB operation, who were held under protective custody 4 days and then released, on Monday, 18 June, in Quimpers, denounced "the arbitrary privation of freedom imposed by protective custody." The four militant Bretons, who condemn the violence of the FLB and also the violence of the police--one of them claims that he was slapped--have protested those 4 days of imprisonment which were legally imposed upon them.

8143

CSO: 3100

PLANNING FOR NEW DAM CONSTRUCTION UNDERWAY

Paris LE FIGARO MAGAZINE in French 1 Jun 79 pp 20-21

[Unattributed Article: "EDF Builds 17 Dams"]

[Text] The General Administrative Council of the Department of Var has high hopes of seeing a triple dam by 1985 on the Esteron River, which would be augmented by a partial deviation of the waters of the Var beginning at Touet-sur-Var; this would simultaneously furnish 325 million kilowatt hours and 120 million cubic meters of water a year in a region which lacks both power and water.

The project, however, does not yet appear on the list of the 17 dams under EDF [French Electric (Power) Company] construction, of which the last three (Moustiers, Sainte-Marie and Redenat) will not begin production until 1987. The energy crisis excites the "hydraulicists," but France is currently making use of 88 percent of its power potential already, and where it is not, the valleys generally have a rather large population. Spain, equipped to make use of 46 percent of its potential power, Yugoslavia (33 percent), Sweden (57 percent) and Norway (63 percent), are the countries of Europe where the construction of new dams would be the easiest; but the remoteness of the sites, which entails certain "built-in" forms of opposition such as that of the ecologists, or the nationalists, who insist on remaining in control of one's own dams, does not allow for plans to make any appreciable extension of electrical Europe, through the expedient of agreements of exchange and association analogous to the joint ventures in the world of petroleum or to those signed by the EDF with Switzerland and Germany for the financing of work projects at the nuclear power stations in Fessenheim and Le Bugey.

After the two dams which recently went into operation (Arc-Isere I and II, each of which has a power potential of 240 megawatts), we must now wait until 1982 for the EDF to proceed to the next new installations (Montezic, Le Truel and the Pouget extension).

ARTILLERY TO TRIPLE ITS FIREPOWER

Paris LE MONDE in French 17-18 Jun 79 p 17

[Article by Jacques Isnard]

[Text] Canjuers (Var)--After receiving its definitive equipment, with the new materiels which are under experimentation, a French artillery regiment will have firepower triple that of today. In the field, the regiment will have the capability of 144 rounds in less than a minute instead of the 45 at present.

This was the assurance which the chief of the general staff of the army, Gen Jean Lagarde, was able to give to the minister of defense, Yvon Bourges, who had a presentation made to him on Friday, 15 June, at the Canjuers (Var) camp, of the new artillery materiels: cannons, radars, mortars and information systems.

If the general staff is to be believed, in the future the artillery will be capable immediately and without prior adjustment to deliver maximum power in minimum time against mobile and well-protected objectives. Developments now in progress involve several points:

1. Caliber of pieces: the 105-mm cannon will be abandoned in favor of the 155-mm cannon;
2. Ranges: Will increase from 20 km to 30 km, with so-called additional-charge projectiles;
3. Rates of fire: will be six rounds in 45 seconds, thanks to the adoption of automatic loading systems;
4. Ammunition: will be improved with the appearance of shells with pre-determined fragmentation or shells with terminal guidance;
5. Generalization of mobility: will be achieved through the use of self-propelled pieces capable of carrying their crews and shells unaided, unlike present equipment which must be followed by trucks for personnel and ammunition.

Beginning in 1981, the surface-surface regiment of each of the present eight armored divisions will receive the model F-1, 155-mm self-propelled cannon which Parisians will be able to see for the first time during the military parade on 14 July and which has been under experimentation by the 40th Artillery Regiment, in Suippes, Champagne. The development of this piece of equipment, otherwise known as the GCT (rapid fire) 155, has taken longer than anticipated; however, Gen Lagarde today gave assurance that problems caused by combustible casings have been overcome by the experts.

The equipping of the armored divisions reportedly will be completed in 1986.

For their part, the seven infantry divisions will begin to receive 155-mm cannons in 1983, drawn by a Berliet truck or an armored towing [de l'avant] vehicle (VAB), which are to equip each of their surface-surface artillery regiments. This cannon is still in the prototype stage and is currently being tested by its manufacturer in Bourges.

Finally, each army corps--there are three--will be furnished with two surface-surface artillery regiments, equipped with the 155-mm self-propelled F-1.

The number of batteries per regiment has been raised to four instead of three, and the number of artillery pieces has been increased to five and could be six pieces per battery in the near future. This entire weapons system--parallelly there are five Pluton nuclear artillery regiments, and there will be a total of nine surface-air Hawk and Roland regiments at the army corps level--will have a package [environment] (laser-telemetry, meteorological sounding station, mini-radar with the Doppler effect and information systems) to seek, locate, identify and follow an objective and automatically open fire.

According to the general staff, the total number of artillery pieces and 120 [? mm] mortars per 10,000 men in the French armies will be increased from 25 to 40.

"This will be unique in the world," Bourges explained, "and the effort thus made on behalf of the artillery will move France back up to the level of the principal foreign powers." However, such an objective will not be attained until the middle of the next decade.

8143

CSO: 3100

OPPOSITION PARTY LEADERS MAKE STATEMENTS ON CYPRUS COUP ANNIVERSARY

Papandreou Accuses U.S.

Athens EXORMISIS in Greek 15 Jul 79 p 1 AT

[Text] Statement by the leader of the majority opposition party, Pasok Chairman Andreas Papandreou, on occasion of the anniversary of the coup in Cyprus:

Five years ago today the dictatorship, acting under cover of U.S. services, attempted to assassinate President Makarios thus leading Cyprus to calamity and making refugees of its people. Today, 5 years after the coup and the invasion--despite UN resolutions--nearly half of Cyprus remains under the asphyxiating encirclement of Attila, one-third of the population are refugees and Turkish intransigence creates huge dangers.

Under the new conditions created in the area after the Iranian revolution, the Sadat-Begin agreement and the oil crisis, Cyprus remains one of the primary targets of U.S. imperialist policy.

On occasion of the black anniversary Pasok once again underlines the dangers created by U.S. plans for the partition of the Island and its conversion into a military base.

Pasok proclaims its undivided support to the people of Cyprus and their government and stresses that a just and peaceful solution can only be found through implementation of UN resolutions, through return of the refugees to their homes, through withdrawal of foreign troops, through closure of military bases and through strengthening of the unity and sovereignty of the nonaligned Republic of Cyprus.

Solidarity with Cypriots Proclaimed

Athens I KATHIMERINI in Greek 15 Jul 79 p 2 AT

[Excerpts] On occasion of the black anniversary of the coup aimed at murdering Archbishop Makarios and at the overthrow of legal authority

in Cyprus by the Athens junta, opposition parties issued statements in which they express solidarity to the people of Cyprus. It is also stressed that the coup against Makarios prepared the ground for the Turkish invasion of Cyprus and the Island's mutilation by Attila.

Zigdis

Edik leader I. Zigdis in his statement stressed: "Today it is the fifth anniversary of the coup against Archbishop Makarios which proved calamitous to Cypriot Hellenism. We must weep over the sad anniversary of national shame and we must reiterate to our Cypriot brothers our assurance that we will support them wholeheartedly until justification of their sacred struggle. We must also swear that we will never again permit the collapse of the democratic regime which guarantees not only internal calm and social progress but also the very foundations of the Greek nation."

Kodiso

The political office of Kodiso in its statement, stressed: "15 July 1974 will remain a black mark on the history of Hellenism so that it may remind coming generations to what national crimes the trampling upon democratic rights and liberties of the people could lead to under various forms of dictatorial authorities which are based upon high-handedness and the force of arms."

The KKE (Interior)

The executive office of the KKE (Interior) in its message mentioned, among other things: "Cyprus is one of the very few countries of the world where, with use of the force of arms, an attempt is being made to legalize the cutting off of one portion of the territory of a UN member state by another country, also a member of the United Nations which is much larger and stronger and is also considered the main support for promoting U.S. imperialist plans in the area. Perpetuation of the Turkish occupation on the Island is an insult to the entire international community and is a threat to all peoples and to peace in the area."

The Initiative

In its statement, the socialist Initiative mentioned the following: "The Greek government with its policy nearly justifies the fait accomplis since it discusses all points of the matter except the essence of the Attila invasion itself. Furthermore the Greek government keeps the dossier of Cyprus sealed and in this way the Greek criminals who established the prerequisites for the Turkish invasion remain unknown and unpunished."

Demand Opening of Dossier of Cyprus

Athens I AVGI in Greek 15 Jul 79 pp 1,3 AT

[Excerpt] In statements yesterday, all the democratic opposition parties stress today's fifth anniversary of the junta's coup in Cyprus which gave "the green light" to the Ankara chauvinists to invade the Island and to occupy nearly 40 percent of its territory.

The parties stress the dangers which continue to threaten the Republic of Cyprus as a result of U.S. imperialist plans in the area (and the role toward this end by the continued Turkish occupation of north Cyprus) and they demand the opening of the dossier of Cyprus. They also address a brotherly greeting to the people of Cyprus and their leaders.

The KKE (Interior)

The statement of the executive office of the KKE (Interior) stresses the demand for the opening of the dossier of Cyprus, so that the entire plot may be revealed and the guilty parties punished, today becomes particularly imperative.

CSO: 4908

KKE SECRETARY GENERAL ANALYZES POST DICTATORIAL SITUATION

Athens RIZOSPASTIS in Greek 15 Jul 79 pp 1, 15 AT

[Interview with Kharilaos Florakis, secretary general of the KKE Central Committee by RIZOSPASTIS on the fifth anniversary of the junta's fall--
date and place not given]

Excerpts] [Question] Comrade Florakis, it is now the fifth anniversary of the political change [fall of the junta]. What is the result of the country's administration by "new democracy"? Have the people's expectations been fulfilled and what is the country's situation today?

[Answer] After replacing the dictatorship, the new democracy government followed, throughout all these years, a policy which opposes detaching the country from imperialism and NATO. It was a policy contrary to the expectations of the people for more national independence, more democracy and for a more human life.

The policy of "we belong to the West" with accession to the EEC as its axis, the policy of dependent capitalist development for the benefit of monopolies, had to be accompanied by the establishment of an authoritarian state which increasingly lowers living standards, and limits the liberties of the broad masses of people in the cities and the villages. No matter what concessions the government was forced to make for the people, they were all canceled out in time by a series of antipeople laws, institutions and measures. Thus:

--The government passed from: "Our withdrawal from NATO's military wing is final and irrevocable," to "We will return to NATO when the conditions which dictated our withdrawal are eradicated." Then it went so far as to request that we must return and it now negotiates the extent of concessions which we must make in order to become acceptable.

--Continuing, the government employed a harsher and one-sided austerity against the workers; it satisfied all the demands of oligarchy while under

pressure from multinational monopolies and the EEC; and it abandoned its plans for establishing certain modern production units under state control.

--It passed from certain measures for dejuntification and democratization to approval of the authoritarian constitution, of the antilabor law 330, of the "antiterror law" and it has gone so far as to conscript striking employees.

The Energy Crisis

[Question] Much has recently been said about the world energy problem. The government even blames all the country's economic troubles on this crisis. How do you view this problem and the government's views on the energy crisis?

[Answer] It is a fact that the prospective exhaustion of traditional energy resources, the vast requirements of industry throughout the world, and the problems created by the use of nuclear energy make the energy problem one of the most serious problems facing humanity.

The imperialist countries, and primarily the United States, dealt with it and continue to deal with it basically by stealing the oil from countries of the third world and of guaranteeing the interests and the superprofits of the large monopolies. Today's acute energy crisis in the capitalist world is exactly based upon this policy. However, the developing countries have now awakened and they are determined to put an end to the robbing exploitation of their wealth-giving resources. The imperialists use all their propaganda apparatus in order to accuse the oil-producing countries as responsible for the energy crisis and the hardships of the capitalist world. This is done in an effort to cover up the essence of the matter, the increasing impasses of the imperialist economies and the vast responsibilities of these countries toward humanity as a whole. They are attempting to turn world public opinion against the oil-producing countries which do nothing more than claim equal economic relations and a more just international economic order.

In their effort to make the situation more tense, they create an artificial oil shortage crisis, particularly in the United States. The imperialists are also attempting to create an atmosphere of panic around the energy crisis in order to enforce a policy of greater austerity.

The Greek government, instead of becoming the mouthpiece for various imperialist reactionary theories, ought to learn from the oil-producing countries certain lessons in national dignity, independence, and economic liberation in order to save our own mineral wealth which is being handed over to the international monopolies.

Dangers of Our Country's Involvement

[Question] Do you see any more general dangers for our country as a result of the energy crisis? What are they and what must be the position of Greece?

[Answer] Repeatedly, personalities of U.S. imperialism have recently threatened military intervention in the Middle East. It is already known that a special expeditionary force has been created in the United States for military intervention in the oil-producing countries of the Persian Gulf. A new U.S. fleet group is being prepared for the Indian Ocean. It is for this reason that the imperialist bases in Cyprus, in Greece and elsewhere are being adapted.

At the same time, despite the various trends which may exist in dealing with the energy problem between the United States and the EEC countries, it has become very clear that trends supporting military intervention in the Middle East area are also developing in other imperialist forces. It is also obvious that efforts are being made toward a coordinating collective action. This is proved by the fact that France is also preparing a similar expeditionary force.

All this, naturally, creates concern in the area. In a few words, we see trends developing within imperialism for a return to the old condemned methods of the pre-Vietnam era, the so-called "gunboat diplomacy." Thus, they use the energy crisis in an effort to justify intervention against national liberation movements, to stop progressive movements and in order to gain control over rich energy sources and raw materials in the area.

There are grave dangers that our country will also get involved in this situation. U.S. military bases are destined--and they have also been used in the past--as supply bases for operations against the Arab countries in case of a war confrontation. These developments dictate for us a policy of close watch and vigilance because nobody can forecast or foresee with any certainty what can develop from this dangerous situation created by the imperialists in our area.

The Greek government can neither remain silent nor ignore these grave dangers which threaten our country as a result of imperialist aggressiveness, nor can it cover up this situation. The fact that Greece, as a member of NATO and principally as an EEC partner, could possibly be drawn into an imperialist adventure of unprecedented dimensions, dictates that the Greek government must separate and define its position, directly and without any doubts, from that of its partners in both these imperialist coalitions. Greece must not even think of allowing its participation in an imperialist force or even of allowing use of its territory and the facilities of the United States and NATO in our country for any action against the progressive forces in the East Mediterranean and the Middle East. It must do this both in advance and with great clarity.

REACTIONS TO GOVERNMENT'S VIETNAM STATEMENT REPORTED

EDA Demands Retraction

Athens I AVGI in Greek 18 Jul 79 p 6 AT

[Excerpt] In a statement yesterday, the EDA stressed, "In a humanitarian way it shares the tragedy of the political refugees of any country, for any reasons, but it cannot fail to denounce the government's Pharisaic policy of allegedly accepting the Vietnamese refugees for humanitarian reasons."

The government, the EDA statement continues, has no right to speak of "barbarity" and so forth at a time when the government itself "keeps tens of thousands of Greek political refugees out of their fatherland 30 whole years after termination of the civil war. If the fact that the Vietnamese are today refugees is barbarity, as the government states, then what description could fit its own crime, the fact that so many people have by force remained refugees for 30 years, a fact which is unprecedented in history?"

The statement concludes the EDA believes that the government statement, which is a cold war attack against Vietnam, must be withdrawn and must be followed by satisfaction of the all-national and imperative demand for the immediate, free and unconditional repatriation of Greek political refugees.

Press Refutes Papandreou's Allegations

Athens I VRADYNI in Greek 18 Jul 79 pp 1,2 AT

[Editorial: "Some Humanitarianism"]

[Text] The chairman of Pasok was much disturbed by the government's sensitivity and decision to accept 200 Vietnamese as a contribution toward solving the tragedy of Vietnamese refugees. He described it as "unacceptable..." and as "an attack against the Vietnamese people!"

Should we also tell him that this time, in our turn, we were also surprised by Papandreou's "surprise?" Should we tell him that we were more surprised by the lack of sensitivity on his part toward a basically humanitarian problem?

We do not belong to the school which deals with even the most humanitarian of problems under the light of political or party expediency. We, at the same time, do not intend to pursue the lengthy communist analysis which attempts to blame...China and the United States for the "torrent of exodus" from Vietnam.

These peculiar theories, in any case, do not alter the facts of the problem in any way. The problem is that during the past 6 months more than 400,000 refugees fled Vietnam. They left and continue to leave that country in search of a better lot under the most dramatic conditions and under the severest possible danger. The result is that more than 50,000 refugees died in their attempt to find a place under the sun elsewhere; 120,000 of them were resettled in various countries; and the remainder live in agony since countries neighboring on Vietnam refuse to accept them.

We have all followed this refugee tragedy for months. Our original lack of interest in the tragedy is a stigma, particularly when even leaders of Western communist parties, such as Berlinguer, asked the governments of their countries to succour the unfortunate refugees.

If Pasok's chairman had to criticize the government for something it would have been better if he blamed it for delaying its symbolic gesture instead of attacking it on sensitivity which, in any case, demonstrates a certain amount of humanitarianism.

Political and party expediency is also obvious in connecting this gesture to the question of the people who took refuge in the communist states after the bandit or even the civil war as some prefer to describe it. It is obvious that here we have an attempt to press for their mass repatriation. However, on the basis of personal applications, approximately 22,400 of them were repatriated during the past 4 to 5 years while another 22,000 are in Greece under temporary return permits which they seem to prefer. This policy helps the economic absorption of those who are repatriated without creating new problems and, at the same time, it decreases the dimensions of the problem. Does not the chairman of Pasok know this instead of publicly making unfounded allegations about harshness which is disputed by the events themselves?

CS 4908

KKE CONDEMNS GOVERNMENT POLICY, CALLS FOR STRUGGLE

Athens RIZOSPASTIS in Greek 12 Jul 79 pp 1, 9 AT

[Statement by the Political Office of the KKE Central Committee, dated 11 July 1979: "United Action"]

[Text] The government's economic policy--a policy of dependence, of serving the interests of monopolies and of austerity for the people--leads the economy into an impasse and strikes hard at the working people. Our country is entering a phase of further deterioration of the economic situation which forecasts a new economic crisis, possibly greater than that of 1974. Inflation, which from the beginning of 1979 has gone over 15 percent on the basis of government facts, is expected to go beyond 25 percent by the end of the year. Stagnation in investments continues and we already have a considerable drop in development rates. Dismissals of workers are increasing. The specter of unemployment becomes more directly visible in our country.

The government attempts to conceal both the essence and the failure of its economic policy by blaming all hardships upon the capitalist energy crisis. There is no doubt that this crisis exists. In our country it is particularly acute due to the government's general energy policy and primarily due to our dependence upon oil monopolies. It is becoming more complicated as a result of the entire political-economic condition of the country. The government's measures for "energy economy," however, conceal a more general climaxing of the attack by the government and the monopolies against the worker's living standard.

The government is not satisfied with the one-sided and exclusive placement of the burdens of the energy crisis upon the workers--who are the only ones not responsible for it--through its recent economic measures. It utilizes the energy crisis as an excuse in order to enforce new heavy price increases which have no relation to and cannot be justified by the international rise in fuel prices. In this way it leads to a new high-price explosion. Under the same excuse the government proceeds to a new hardening of its policy of one-sided austerity in other sectors which touch upon the working hours and the way of life of the workers. It

abolishes acquired rights such as the working hours of bank employees. It is attempting to solve certain pending issues to the benefit of the large-scale employer, such as abolishing controls on working hours, an abolition which the workers have so far insistently opposed. It is attempting to enforce certain anti-labor arrangements which stem from obligations the government has undertaken in order to adjust its regime to the EEC.

This government policy strikes against all layers of the workers: laborers, employees, farmers and even the small and middle-scale businessmen. By contrast the monopolies and large-scale employers find the opportunity not only to preserve their benefits but also to divert an ever increasing amount of income from the workers and to their own benefit with every new price explosion. The policy of one-sided austerity is particularly directed against the working class. The average daily wage of the industrial worker has been frozen by the government's income policy at 400 drachma. The new price hikes further deprive it of a considerable portion of its purchasing power.

The government attempts to deal with the mounting dissatisfaction and to suppress the worker's militant mobilizations with increased authoritarianism and increased terrorization. It limits trade union liberties. It systematically relies on antilabor Law 330. It creates strike-bearing apparatus. It tolerates increasing illegal dismissals of trade unionists and it accepts the lock-out employed by employers. At the same time it attempts to underplay the essence of its new and multifaceted attack against the workers' living standard by attempting to limit the entire issue to "working hours" in an effort to deorientate the broad worker's masses from the struggle, in an effort to prevent expansion of the worker's struggle.

Rejection of the policy of one-sided austerity is a vital issue for all workers and demands their united action. There is no other course today outside the development of coordinated action by the workers of the city and the village for basic increases, for adjustment of salaries and wages to the cost of living index, for stopping dismissals and persecution, for protecting acquired rights, for an increase of agricultural produce prices.

The working class will reply with determination to this attack by the government and the monopolies and it will strengthen its unity with militant unification around the associations and other trade union organizations, by increasing joint action by the democratic trade union organizations.

The Political Office of the Central Committee of the KKE calls upon the members of the party and the KNE [Greek Communist Youth] to pioneer the struggles of the working class and of all the workers in order to reject the policy of austerity, in order to protect their living standard and their rights.

'I VRADYNI' COMMENTS ON TECHNOLOGY'S DANGERS

Athens I VRADYNI in Greek 10 Jul 79 p 2 AT

[From the "Evening" column: "Skylab"]

[Text] After Skylab's fall--which is the only sure thing from those currently under speculation--fearmongering and resultant uneasiness will end. However, an observation typical of our era's development will remain; this is the contradictions and the disagreements in everything that is being announced daily, actually from scientific sources.

The conclusion is that despite quick technological progress, we are not in a position to control the consequences of our own achievements--Skylab--within our own planet's atmosphere. Of course, science advances through the unknown and succeeds. This is how it has advanced through humanity's history.

The difference is that in past centuries uncertainty did not conceal so many dangers for humanity (radiation, satellites, atomic systems, etc.). Consequently, scientific research would be more in line with its destiny if its haste for new achievements was accompanied with a guarantee for humanity from any danger. Otherwise, this haste is redundant, as nobody will accept the sacrifice of thousands of unsuspecting individuals on the altar of technological progress.

Perhaps the fervent followers of rapid technological development, who as a rule forget humanity and consider technology as an end in itself, should be reminded of the always timely Talleyrand statement: "Gentlemen, less zeal."

CSO: 4908

BALANCE OF TRADE ANALYSIS SHOWS DEFICIT

Athens HELLENEWS-EXPRESS in English 7 Jun 79 p 2

[Text] Despite a faster rate of increase in the value of exports in 1978 (+22.1 percent), compared with the increase in the value of imports (+11.1 percent), the 1978 trade deficit was Drs 109,000 million, compared with Drs 98,700 million in 1977. These adverse figures were due in part to a deterioration in trading terms because the mean price of imports rose during 1978 by 11 percent whereas that of Greece's exports rose by 5.7 percent only. This offsets to a large extent the achievement of Greece's exporters who had actually increased the volume of their exports by 15.4 percent above the 1977 figure, while the volume of imports increased by 5.1 percent only. In terms of comparative values, 1978 exports paid for 52.8 percent of imports whereas, in 1977, they had covered only 50.7 percent of the cost of imports.

Oddly enough, trade deficits with countries of the COMECON, non-EEC West European countries and with "third" countries deteriorated whereas the balance with EEC member-states and with the USA improved. The table shown below gives the breakdown of the deficit in thousands of millions of Drachmae.

	<u>1977</u>	<u>1978</u>
EEC	48.4	48.0
COMECON	1.1	7.1
Non-EEC Europe	10.5	13.9
U.S.A.	8.2	6.0
Rest of the world	30.5	34.0
	98.7	109.0

(N.B. The "rest of the world item," of course, includes Greece's oil imports.)

Deterioration in balance of trade figures with the COMECON has a direct link with abolition of bilateral barter trade systems ("clearing accounts") with some of those countries, notably the USSR. Despite this, it has been announced that the Czechoslovak-Greek clearing account will be discontinued in 1981.

EXPORT FINANCING INTEREST CHARGE RAISED

Athens HELLENEWS-EXPRESS in English 7 Jun 79 pp 2-3

[Text] Predictably, exporters both individually and through their associations, have reacted sharply to last week's Currency Committee's decision to raise by 3.5 percent (from 7 to 10.5 percent) interest charged for the financing of exports. They maintain that this alone can cause prices of Greek exports to go up by 1.5 percent at a moment when the latest balance of payments figures (the January-April 4-month period) show an even greater deficit in the current transactions account. The outcry was apparently strong enough to cause a revision of the original decision. Three days later, it was announced by the Deputy Minister of Coordination, Mr. I. Palaiokrassas, that exporters could be financed at the old rate of 7 percent, during the four months preceding shipment of each consignment and at the new rate of 10.5 percent for financing during the period of five to nine months prior to shipment. The balance of payments analysis is given as follows:

	<u>1977</u>	<u>1978</u>	<u>1979</u>
Imports	2061	2341	3061
Invisible payments	<u>269</u>	<u>316</u>	<u>386</u>
	2330	2657	3447
Exports	888	913	1245
Invisible receipts	<u>927</u>	<u>1065</u>	<u>1266</u>
	1815	1978	2511
Current transactions deficit	- 515	- 679	- 936
Net inflow of capital	<u>458</u>	<u>492</u>	<u>516</u>
Position:	- 57	- 187	- 420

CSO: 4920

FOREIGN CHAMBERS OF COMMERCE ANXIOUS OVER PROFIT LIMIT

Athens HELLENEWS-EXPRESS in English 7 Jun 79 pp 3-4

[Text] Reluctantly, the Ministry of Commerce is taking a second look at its decision A3/3385 concerning the 25 percent maximum profit margin, especially insofar as it affects wholesale trade of imports. Revision is directed mainly at Article 4 of the decision and has come about because, even the ministry itself admits that "25 percent is a goldmine for some and a noose round the neck for others." However, the ministry remains adamant over maintaining the rules laid down in A3/3385 as a general principle but is now willing to consider exceptions on the proven merits of each case. A new factor in this controversy between the state and Greek businessmen is that the chorus of protests raised by the latter has been joined by the heads of chambers of commerce of foreign countries in Athens. The latter have put the matter somewhat differently, pointing out that severe restrictions on profit margins in Greece cannot but dampen any interest which prospective foreign investors might have had for setting themselves up in business in Greece. This point was made by Mr. D. Petsiavas, chairman of the Hellenic-American Chamber of Commerce in Athens and the manager of the same organization, Mr. S. Georgopoulos. The manager of the French Chamber of Commerce in Athens, Mr. D. Nottis, warned that French exporters were reconsidering the entire prospect of feeding raw materials and finished products to the Greek market. The individuals mentioned above were also speaking on behalf of the British, German and Italian Chambers of Commerce in Athens.

CSO: 4920

BANKING SYSTEM SEEN RESTRICTIVE ON LOANS

Athens HELLENEWS-EXPRESS in English 7 Jun 79 p 4

[Text] A work team, belonging to the committee appointed to study the Greek banking system, has worked on the brief of the "competitive position of the Greek banking system, compared with those of EEC member-states." The findings of the work team included the fact that banking fluidity, so often blamed as the number one cause of inflationary trends, is only a secondary inflationary factor in Greece and it is other causes which merit closer attention by responsible government quarters handling the inflation problem.

The work team found that credit policy in Greece was of a selective and controlling nature. It is laid down from above which branches of economic activity may be financed and which may not, which can be considered desirable and which undesirable. This means, to a large extent, that financing by banks is dictated and that their financing activities are under tutelage. In time, this tends to dampen initiative and to convert banks into remote control institutions, depriving the banker of his role as a distributor of credit, according to the needs of the economy, as reflected by the money market. The effect on the staff of banks and, more especially, those employed in the sections which decide and make the grants, of so much control from above, converts them into simple bureaucrats who make their choice from among the forest of applications, on the basis of a set of administrative mechanisms and rulings. Banks in EEC member-states appear to have far more freedom of action. The work team also found the level of operational efficiency of Greek banks to be low (it should be remembered that about nine-tenths of Greek banks are now nationalized) so that the proportion of gross profit absorbed by their wage and salary bills and by their overheads generally leaves too small a margin for building up their own availabilities on an adequate scale. All these findings have raised questions as to how Greek banks will fare when full EEC competition follows Greece's full EEC membership.

CSO: 4920

INDUSTRY FEDERATION LOOKS AT FUTURE IN EEC

Athens HELLENEWS-EXPRESS in English 7 Jun 79 pp 4-5

[Text] The Federation of Greek Industries held its general meeting of members on the 5th of this month, with several ministers present. Naturally much of the agenda had a direct bearing on the implications upon Greek industry from the step taken towards closer integration with West European countries, after signature in Athens of the deed of accession. Speakers stressed the need for a change in mentality and in directives on economic policy.

1. Industrial policy will have to rest on stable criteria so that whatever measures are adopted at various times shall be coordinated.
2. A nationwide campaign is needed to have all the measures, so far proposed on paper to boost exports, implemented.
3. The state should purchase as much locally manufactured goods as possible.
4. All sections of industrial activity should be financed adequately.
5. Deterrents to productive investment will have to be lifted.
6. Industrial taxation will have to be revised.
7. The state will have to eliminate its deficits in the operation of nationalized industries.
8. A real crusade will have to be undertaken to overhaul the public sector to meet EEC standards.
9. Foundations will have to be laid for a broad basis of acceptances of principles on which to handle future labour problems.

The federation foresees that, while these changes are being attempted in Greece itself, there will be further sweeping changes in Western Europe,

during the coming decade and among these will be further research for the production of new products and evolution of new systems which will eliminate unfair competition. These, also, it is pointed out, Greece will have to assimilate.

The Greek economy, it was underlined, could ill afford any retrenchment. The only option open is rapid industrial development. In this context:

- new development should be sought in selected lines only;
- much industrial restructuring will be needed;
- financing of this restructuring must be ensured;
- Greek industrial concerns must improve their managerial methods;
- international cooperation must be sought in technology, investment, production and marketing;
- Greek industrial production must become more export orientated.

The principal speaker was Mr. D. Kyriazis, chairman of the federation. Mr. A. Tsatsos, who chaired the meeting, also spoke and among the guest speakers was Minister of Coordination K. Mitsotakis, who promised priority support for industry (without specifying whether he had in mind privately owned or nationalized industry, although the general tone of his remarks could be interpreted as referring to the former).

CSO: 4920

FOUR GREEK BANKS FINANCE ELEVME, PETROCHEMICALS

Athens HELLENEWS-EXPRESS in English 7 Jun 79 p 6

[Text] The Currency Committee has authorized the National Bank of Greece, the Hellenic Industrial Development Bank, the National Mortgage Bank and the National Investment Bank for Industrial Development to cover their share in the equity of the ELEVME agency of state industrial and mining enterprises by subscribing to a combined sum of Drs 2200 million. This will include their participation in the share capital of the new agency to be set up to found the petrochemicals complex, about which so much has been written in the past. The breakdown by each bank is as follows:

	<u>Subscription towards ELEVME Capital</u>	<u>Subscription towards Petrochemicals capital</u>
National Bank of Greece	Drs 281,250,000	Drs 543,750,000
Hellen. Ind. Devel. Bank	281,250,000	543,750,000
National Mortgage Bank	150,000,000	290,000,000
Nat. Inv. Bank for Industr. Dev.	37,000,000	72,500,000

At the same time, the Bank of Greece is authorized to finance the last three banks on the list with amounts equal to those they will be lending to the two concerns involved.

END: 4920

ALCOHOL SEEN AS POSSIBLE ALTERNATIVE FUEL

Athens HELLENEWS-EXPRESS in English 14 Jun 79 p 2

[Text] Minister of Coordination K. Mitsotakis has joined the West European protest chorus at the American Government's decision to subsidize heating oil imports by \$5 a barrel, adding that the measure would inevitably have an adverse effect on the Greek economy also. He used the occasion to repeat the Greek Government's intention to go ahead with further development of lignite mining and to use natural petroleum gas. It was also announced that laboratory experiments had begun on the use of alcohol with benzine as motorfuel. (Editor's comment: This is a new factor whose importance to the Greek economy may not be fully realised. Apart from tests with alcohol distilled from sugarbeet residue after sugar refinement and wood alcohol, there is also the prospect of alcohol from second grade grapes as the Greek climate, on the whole, produces grapes with a high alcohol content. For years past, Greek vine growers have been uprooting certain types of vineyards owing to increasing disposal difficulties met with second grade wines at home and abroad. Substitute crops have not always proved a success. It follows that, if the cost of benzine rises sufficiently to make alcohol admixture a paying proposition, alcohol from annual refining of 200,000 odd tons of sugar, which is now the output of the country's five refineries is obviously insufficient and as timber is scarce anyway, the wood alcohol potential cannot be very important. The situation can be very different where vines are concerned and the entire matter will probably rest on the comparative cost of making alcohol from grapes compared with the other two. The present tests will, therefore, be watched with keen interest.)

CSO: 4920

ARTISAN, CRAFTSMEN TRADE CONGRESS LOOKS AT EEC

Athens HELLENEWS-EXPRESS in English 14 Jun 79 pp 3-4

[Text] The 3rd Hellenic Artisan and Handicraft Trades Congress was held at Salonica this week. As this category of business in Greece embodies over 100,000 establishments employing anything from three to a dozen or more persons, it constitutes what is still the backbone of the economy and will continue so for as long as large manufacturing concerns are in their present small minority. Consequently the associations of the small businessman, the artisan, craftsman, etc., are also a strong political force. This explains why their congress was attended in force by and addressed by members of the government and by several political personalities such as Minister of Industry and Energy M. Evert, Deputy Minister of Trade I. Dimopoulos, Minister for Northern Greece Martis, I. Zigdis, leader of the Centre Union Party, and I. Pasmazoglou, leader of the newly founded Party of Democratic Socialism. Understandably, the agenda was concerned largely with the probable effects of accession to the EEC on this class of business activity in Greece. Government spokesmen expressed themselves optimistically on this point and listed the additional sources of economic and technical aid which could be tapped as a result of accession while other speakers dealt with probable advantages as well as risks which accession could bring. On the whole, the congress did not reveal any real apprehension at the thought of eventual competition from similar businesses in fellow EEC member states.

CSO: 4920

BRITISH TRADE MISSION TO VISIT

Athens HELLENEWS-EXPRESS in English 14 Jun 79 p 4

[Text] The North of England Development Council is sending a mission to Greece next week which will operate from the Hotel Grande Bretagne but can also be contacted through E.B.M. Embassy in Athens (736.211 ten lines). Firms represented will be:

- Antiference Ltd, antenna systems, amplifiers
- Apax Autoparts International Ltd, automotive replacement parts
- James Broadhurst & Sons Ltd, domestic and hotel pottery
- Light Machine Co Ltd, projector and prismatic lens attachments
- Longwood Engineering Co Ltd, mechanically cleaned screens
- Oxford Medical Supplies Ltd, ambulatory and analysis systems
- Protectol (Rustproofing) Ltd, rustproofing
- Royal Doulton Tableware Ltd, high quality tableware
- Sealine Shipping Co Ltd, export services, liner operators
- Sterling Foundry Specialists Ltd, steel moulding boxes, shake-out machines, vibrating conveyors
- Three Rivers (Construction Equipment) Ltd, earthmoving equipment
- W. Richards & Sons Ltd, marine bollards, fabricated steelwork

Mr. M. Bath of the North of England Development Council will be mission secretary.

CSO: 4920

PUBLIC WORKS PROJECTS LISTED AT MEETING

Athens HELLENEWS-EXPRESS in English 21 Jun 79 p 2

[Text] The Prime Minister chaired a meeting on the 13th of this month at the Ministry of Public Works to discuss various constructional projects. Mr. Karamanlis asked for work on projects, scheduled for completion during 1979, to be speeded up and for the 1980 programme to be drawn up within the bounds of the country's overall economic plan and possibilities afforded by Greece's accession to the EEC. In a communique issued later it was stated that certain roadbuilding projects will be completed by the autumn of this year. Among them is Syngrou Avenue (understood to have been completed on May 27th in order to serve as the approach road for the foreign dignitaries arriving in Athens for signature of the Deed of Accession to the EEC), the overhead road crossings at the Faliron Delta, Athinon Avenue (main outlet to the Peloponnisos), etc. Numerous other projects listed are only at the stage where it was stated that "studies are progressing." These should be taken seriously only when it has become clear whence they are to be financed. They comprise an ambitious collection of major works.

- suspension bridges across the Gulf of Corinth at Rion-Antirion;
- suspension bridges across the Straits of Salamis at Perama and near Magara;
- a road tunnel under the highest hill in Athens (Lykavittos) to ease traffic on other city arteries;
- circular by-pass roads round Athens and broadening of three main arteries leading out of the city;
- broadening of the Kifissos river bed which carries peak rainfall flood waters.

This time, there was no mention of the proposed Athens Metropolitan Underground Railway network. Readers will remember the frequent occasions when this bulletin warned against taking for granted spectacular newspaper headlines about construction of this project. The problem remains the same, only more acute now. It is a job which will need to be financed in part in terms of foreign currency but can earn Drachmae only when completed.

IGME TO PROSPECT FOR IRON ORE ON SERIFOS

Athens HELLENEWS-EXPRESS in English 21 Jun 79 p 3

[Text] Minister of Industry and Energy M. Evert has signed the document which places all mineral research and prospecting on the island of Serifos (Kyklades group) in the hands of the Institute for Geological and Mineral Research (IGME). Prospecting will centre upon iron ore deposits which were described in the statement as "considerable" and it was added that concentration of the ore on a semi-industrial basis (whatever this may mean) would be considered, following upon certain allegedly successful laboratory tests carried out in the IGME installations. Mr. Evert said that prospecting for iron ore on the island of Serifos, in combination with similar activity on the island of Thasos, would lead to substantial reductions in iron ore imports, presently worth about Drs 750 million per annum. (Editor's comment: Iron ore has been mined on Serifos for close upon a century, though in recent years the mines have laid idle. The first serious workings were undertaken by a German mining engineer Gromann who had other mining interests in Greece as well. Later, they were worked in a declining state by a former Greek Minister of Finance and closed down finally, a few years after the end of World War II. The best lodes had been worked out and, in any case, the modest quantities which the mines on Serifos could produce, by modern standards, could no longer compete pricewise with the immense single cargoes which it was possible to obtain from sources like Ghana, etc. It is against this background that chances of reviving iron ore mining on Serifos should be viewed and early optimism about the extent of import substitution they could provide would be ill-advised until really large, new deposits have been certified and their iron content is competitively high. One factor in favour of Serifos is the availability of safe, deep-water anchorages close in-shore at several points round the island and the possibility to load ships directly by gravity in many cases. IGME prospecting will therefore be followed with the closest interest.)

CSO: 4920

RECOMMENDATIONS OUTLINED FOR POSSIBLE GAS RATIONING PLAN

Athens HELLENEWS-EXPRESS in English 21 Jun 79 pp 3-4

[Text] Ever since it dawned on competent quarters in Greece that the country could not reasonably hope to remain an oasis of immunity from a world oil shortage, energy is becoming a daily topic of official and other meetings and pronouncements. Concrete action taken so far has been the imposition of alternate week-end bans on private motoring. No confirmed statistical figures on resulting motorspirit saving have been published but independent sources in the oil business have variously estimated it at 1-2 percent. A work team, consisting of representatives of the Ministries of Finance, Communications, Mercantile Marine, Industry, Trade, National Defense and Public Security, appointed to study the entire problem of petroleum products, has submitted its findings on motor-spirit. In principle, the work team agrees on rationing but would prefer to see its implementation deferred until such time as the world oil situation might deteriorate sufficiently to make it inevitable.

Meanwhile, it was added, the entire rationing mechanism should be planned and organized. In detail, the main recommendations were:

--That the Ministry of Industry should become the control agency for handling and supervising rationing of liquid fuels in general.

--That responsibility for implementing rationing should be farmed out among various ministries according to their relationship with various sectors of consumption, e.g., transport, agriculture, mercantile marine, industry, defense, etc.

--That, after determining what the overall maximum consumption figure was to be, benzine quotas per ministry would be fixed.

--That validity of ration cards should be not less than half-yearly and preferably annual to enable users to plan their movements and seasonal consumption.

The recommendations also make distinctions between consumers, such as types of cars in circulation, dry-cleaners, industrial uses, small farm machinery, pumps, etc. which would involve the printing of 30 or more different types of ration cards for benzine alone (little wonder that the work team would prefer to see the whole thing deferred for a while). Filling stations will be required to maintain a monthly register of the quantities of fuel they receive and what they deliver against coupons. Some of the cabinet ministers notably those of coordination and finance seem to be the keenest to see rationing introduced while others are less outspoken. Meanwhile a promise was given that there would be no price increase during the present month of June.

CSO: 4920

LAWYERS' FEES FOR CONTRACTS PROTESTED

Athens HELLENEWS-EXPRESS in English 21 Jun 79 pp 4-5

[Text] Various Greek associations and professional bodies (e.g., building contractors, merchants, etc.) are increasing pressure on the government over the question of the mandatory presence of lawyers for the signature of contracts worth anything above certain fixed sums even in cases when such contracts are being drawn up by a notary public who, under Greek law must himself be a qualified lawyer. The bill has got through the parliamentary committee and is now on its way up to the parliament (where, as previously stated by HELLENEWS, a hefty portion of the deputies are lawyers). The case made by the interested parties objecting to the proposal is that mandatory engagement of the services of a lawyer for any contract above a certain sum is:

- a) when the contract is being drawn up before a notary public, a superfluous burden to the general cost of any transaction and nothing short of a compulsory subsidy for a single class of professionals at the expense of the economy as a whole, and
- b) when it is a case of a private contract, such contracts being recognized under Greek law, the fact that a lawyer, whose status under Greek law is one of an unpaid state functionary, participates means that the deed is no longer a private agreement or document but an official or state document and therefore private agreements involving values over a certain figure will cease to exist or be recognized.

It is further maintained that, as in all the other nine EEC member states it is not compulsory under law to engage the services of a lawyer or solicitor when signing a contract, the Greek merchant, manufacturer and businessman in general is handicapped by the amount of such fees versus his EEC competitors. The demand is that there should be freedom in Greece to engage the services and to invite the advice of a lawyer or solicitor whenever an interested party feels, at his entire discretion, that it is advisable to do so, as is the case in the other EEC countries.

(Editor's comment: Taken to extremes, if the bill were to become law, it would be possible to have a case in a provincial district in which the ceiling for compulsory presence of lawyers at the signing of contracts is lower than in Athens by a broad margin, where a purchaser of a heavy truck signing a contract before a notary public to that effect would have to engage the services of a lawyer to scrutinize the vehicle dealer's standard sale contract form which is the same for the sale of thousands of vehicles a year. In EEC countries, as everybody knows, the practice of selling vehicles by deed before a notary public does not apply. Until recently it was mandatory in Greece and is still practiced on a fairly wide scale.)

It can be foreseen with some considerable certainty that we have not heard the last of this bill and a good deal of acrimonious argument seems to loom ahead because the pockets of very large sections of the economically active population are affected.

CSO: 4920

BRIEFS

BUDGET ON 'ZERO' BASIS--Drafting of the new (1980) State Budget on the "Zero" basis is the subject of a contract signed between the Greek Government and the American firm of Arthur Young which has already been instrumental in the introduction of this new form of budgeting in the USA. Greece will be the second nation in the world to introduce it. With the cooperation of the Minister of Finance, it is hoped in 1980 to have the new system operative in the budgets of nineteen of Greece's ministries, fifteen nationalized enterprises and fifteen public corporations. The timetable foresees outline planning and briefing of staff from the 1st of June to the 31st of July, 1979, application of the new technique from 1st August to 15th November, 1979 and reassessment with adjustments to programme from 16th November 1979 to 31st May, 1980. It is hoped that introduction of this new system may provide opportunities for keeping a close check on public expenditures. [Text] [Athens HELLENEWS-EXPRESS in English 7 Jun 79 p 1]

OVERSEAS BORROWING SEEN LIKELY--Rising world oil prices have created certain new problems for the Greek economy as, one after the other (so far, the USSR and Iraq) Greece's suppliers of crude oil are giving notice of price increases. This will necessitate some overseas borrowing this year, in order to maintain the gold and foreign currency reserve at not less than the \$1200 million regarded as the safety margin. The 1979 current transactions deficit has been estimated at about \$1500 million while net inflow of capital may cover \$1200 million of this, leaving approximately \$300 million to be borrowed abroad. It is deemed wise to seek this overseas financing of the country's balance of payments account now, while terms on the world money market remain reasonably favourable. Second thoughts about attempting to raise a foreign currency bond loan among the Greek emigrant communities in foreign countries seem to have prevailed and it looks as if the idea is being dropped. [Text] [Athens HELLENEWS-EXPRESS in English 7 Jun 79 p 3]

LEASING INDUSTRIAL EQUIPMENT--The question of leasing industrial equipment in Greece is moving ahead slowly. It was reported recently in HELLENEWS that the Investment Bank had opened negotiations with V. S. Leasing International for the establishment in Greece of a subsidiary company to

handle such work. Legislation is now being prepared because it will form a new institution in this country and requires a legal background. The matter is developing in such manner as to suggest that there will be at least two agencies leasing equipment. One will be for major factory equipment and the other for smaller machinery for various workshops and artisan establishments. The chances of success for the proposed two new companies or leasing agencies seem even better now that banks have raised their lending rates and loans for acquiring industrial fixed assets cost more. [Text] [Athens HELLENEWS-EXPRESS in English 7 Jun 79 p 6]

NEW GASWORKS BEING STUDIED--The study for the Athens town gas supply is reported to be progressing. The idea, as previously reported, is to close down the obsolete century-old Athens gasworks and move them out to a site adjoining the National Oil Refinery at Aspropyrgos. The new installations would operate on propane and butane gases produced by the oil refinery and also by the nearby Khalivourgiki steelworks. Present capacity of the gasworks (operating on coal) is 8,000,000 m³. The new installations would have a tenfold capacity. (Editor's comment: Readers should not lose sight of the fact that this is yet another of these much talked-about projects which have been studied again and again.) [Text] [Athens HELLENEWS-EXPRESS in English 7 Jun 79 p 6]

STRIKE AT OLYMPIC--In compliance with the threat made last week (refer Item 12) Olympic Airways flight engineers carried matters a stage further this week by striking on the 5th and 6th of June. The airlines manager, Mr. Khristodoulou, reacted rather more sharply than most people would have expected, the strikers included. He gave warning (evidently with authority from above) that "if flight engineers or any other branches of Olympic Airways staff indulge in strikes and stoppages of work which could endanger the reputation for reliability which Olympic Airways had built up, rather than let this happen, all services (domestic and foreign) might be suspended altogether." The strike dislocated a number of domestic services but eleven flights to foreign countries per day were maintained by alternative emergency arrangements. [Text] [Athens HELLENEWS-EXPRESS in English 7 Jun 79 p 7]

MERCHANT FLEET RISE--Latest monthly figures on the size of the Greek merchant fleet show on April 30th, 1979, 4187 vessels (100 register tons and above) of 38,106,000 register tons, flying the Greek flag plus 714 vessels of 12,770,000 register tons owned by Greek interests but flying other flags. The figures show that the Greek merchant fleet is still expanding at a rate of 5 percent in number of ships and 10 percent in tonnage per annum. [Text] [Athens HELLENEWS-EXPRESS in English 7 Jun 79 p 8]

TRUCK BUY FROM USSR--The Ministry of Trade has authorized the Ministry of Agriculture to acquire by direct purchase from Vio Auto-Export (USSR), 20 MAZ-5335 truck engine/chassis worth \$468,160 CIF. Payment terms are

10 percent at the time of establishing the relative irrevocable letter of credit, 30 percent one year after shipment, 30 percent two years after shipment and 30 percent three years after shipment. Interest will run at 6 percent per annum. [Text] [Athens HELLENEWS-EXPRESS in English 7 Jun 79 p 8]

TV EQUIPMENT FROM GDR--The Telecommunications Organization (OTE) has been authorized to acquire by direct purchase from West Germany's Standard Electric Lorenz A.G. one single-storey T/V artery and replacements for existing T/V arteries, worth in all DM 250,000. [Text] [Athens HELLENEWS-EXPRESS in English 7 Jun 79 p 8]

OLIVE OIL AUCTION--Some 5000 tons of olive oil from government stocks are to be auctioned for export on the 21st of this month, in bulk. Sale against convertible currency only will be accepted. [Text] [Athens HELLENEWS-EXPRESS in English 7 Jun 79 p 8]

GAS RATIONING UNCERTAINTY--Competent quarters seem uncertain about how they want to spare the consumption of motorspirit. Since the introduction by the Minister of Communications of alternate week-end private motoring, the Minister of Coordination has twice stated that motorspirit rationing is a certainty. But twice also the Minister of Communications has stated that his week-end experiment has "done the trick." On the 5th of this month Mr. Papadongonas said for the third time that figures had proved the success of his alternate week-end motoring ban and that he saw no reason for any hurry to introduce rationing. [Text] [Athens HELLENEWS-EXPRESS in English 7 Jun 79 p 8]

ALBANIA EXHIBIT PARTICIPANT--Albania will participate with a national pavilion in the foodstuffs and beverages international exhibition (DETROP) to be held at Salonica from the 4th to the 11th of November, 1979. [Text] [Athens HELLENEWS-EXPRESS in English 7 Jun 79 p 9]

PLUMBER EEC COMPLAINTS--The Greek Association of Plumbers and Air-conditioning Technicians is unhappy about Greece's accession to EEC, declaring that the government failed to brief its members adequately and in good time and is also not financing them for the creation of mergers and the acquisition of modern equipment with which to face anticipated competition from their EEC colleagues, in due course. [Text] [Athens HELLENEWS-EXPRESS in English 7 Jun 79 p 9]

TOURISM AGREEMENT WITH TURKEY--The Turkish Minister of Tourism and Information, Mr. A. Coskun, visited Athens this week for general talks on Greek-Turkish cooperation in the field of tourism. An agreement to this effect was signed. [Text] [Athens HELLENEWS-EXPRESS in English 7 Jun 79 p 9]

MORE EFFICIENT CIVIL SERVICE--After a cabinet meeting on the 12th of this month, the Prime Minister took up, once again, the question of reducing the present degree of inefficiency in the public service. Mr. Karamanlis said public administration was important and was in need of immediate improvement. For reasons well known, he said, the matter was particularly acute in Greece and required not only introduction of new methods but, above all, a change in mentality. At the same time the Prime Minister admitted that attempts to deal with the shortcomings in public administration could not overstep the bounds laid down by the Constitution which protects the permanency of civil servants (which means, in effect that, no matter how inefficient or inadequate, they cannot be sacked so long as they have not committed some penal offence or major breach of their service regulations). The ministers present were asked to pursue procedural simplification wherever possible and to delegate to regional offices as much as possible of the work carried out by the central offices. [Text] [Athens HELLENEWS-EXPRESS in English 14 Jun 79 pp 1, 2]

ENERGY SAVING OUTLOOK CHANGE--The campaign launched recently to reduce supposed waste of energy in industry has lost some of its momentum. The work team appointed by the Ministry of Industry and Energy to investigate the matter is coming round to the point of view held by the Federation of Greek Industries that major industrial concerns which have to use a large amount of energy for the production of the finished article, have long since examined, of their own accord, every possible means to save whatever energy they can in the production cycle. They are at the point where no cut in their energy consumption can be effected without a corresponding reduction in output. It is therefore beginning to look more as though the campaign will assume the form of an enlightenment exercise for the broad mass of energy consumers on the principle that a small saving effected by each member of a multitude of small users can result in an impressive figure over a given period of time. [Text] [Athens HELLENEWS-EXPRESS in English 14 Jun 79 p 2]

SERVIA LIGNITE DEPOSIT--Minister of Industry M. Evert stated on the 7th of this month that work had been resumed on a study for the exploitation of 510,000,000 tons of lignite known to exist in the district of Servia, near Kozani. Until now, the depth at which these coal seams are lying has been considered uneconomical. However, the rapid succession of world oil price increases has altered the picture and as the future holds little promise of any break in oil price increases, it is believed feasible to base a thermal power generating station on the Servia lignite deposits. Final constructional plans are also nearing completion for a pilot plant to make cement with the addition of suitably processed lignite ash. Laboratory tests have already proved the technical success of such a mixture and it now remains to be seen whether it pays on a commercial scale. [Text] [Athens HELLENEWS-EXPRESS in English 14 Jun 79 p 3]

OLYMPIC AIRWAYS ORGANIZATION RUMORED--A report in one of the leading Athenian afternoon dailies about government intentions concerning Olympic Airways have not been denied. According to the report, a bill has been drafted for the Chamber which would permit the airline to be wound up and the entire staff paid off. A new national airlines state agency would then be founded, under the title New Olympic Airways and re-engagement of staff would follow, leaving out some 50 of the present higher paid executives and about 100 flying personnel regarded super-numerary. That such a bill has been prepared has not been officially denied. Whether or not it means that the competent authorities really mean business this time or just desire a bogey to swing over the heads of recalcitrant staff is open to speculation. The fact that repeated strikes in Olympic Airways since nationalization have cost the government large sums suggests that indeed the government may feel the need for strong action. Some talks between flight engineers and management which took place after the report about intended winding up of the company have proved inconclusive but the engineers do seem to have adopted a greater degree of moderation. [Text] [Athens HELLENEWS-EXPRESS in English 14 Jun 79 p 3]

DATA SYSTEMS PLANNED--Cooperation is progressing between ETVA (Hellenic Industrial Development Bank) and SINTRA, S.A. of France for the establishment in Greece of systems for transmitting, checking and processing of commercial data and military intelligence. ETVA will found a subsidiary company in Athens in October 1979 which will be a joint enterprise and Mr. Fyssen, chairman of SINTRA, has agreed to chair the board of the new company. The War Industries Section at the Greek Ministry of Defense has taken an active part in the negotiations. [Text] [Athens HELLENEWS-EXPRESS in English 14 Jun 79 p 4]

MERCHANTS PROTEST ATTORNEY FEES--A plenary session of the Coordinating Council of Merchants Associations was held in the town of Khalkis on the 4th of June, 1979. The council condemned the government's failure, so far, to recall the decision about the compulsory presence of a lawyer when contracts worth more than a certain minimum sum are being drawn up before a notary public. The merchants feel that the ad valorem compulsory lawyer's fee is an unwarranted burden on their own class but also upon the consumer in general and they seem prepared to pursue the matter. The Cretan Merchants Associations have jumped the guns and have declared, from now, that unless they get their way, they will close their shops, first on a trial 24-hour lock-out basis to be followed by closures of longer duration later, if required. There is also an outstanding demand that stricter measures be adopted towards peddlars who often set themselves up outside shop entrances, offering wares similar to those being sold inside. Finally, the merchants are calling upon the Minister of Finance to honour his pledge about reducing direct income tax. [Text] [Athens HELLENEWS-EXPRESS in English 14 Jun 79 pp 4, 5]

CASH REGISTER INSPECTION--It has been previously reported in HELLENEWS that competent authorities have been worried in the past by the belief that some of the inflationary trends on the Greek market have been fostered by the misuse of bank financing. Accordingly, Decision No 235/1979 of the Currency Committee has been issued authorizing the General Inspectorate of Banks to send out inspectors to private firms to check whether their tills contain, at any given moment, the cash amounts shown on their books. Any sums missing can be assumed to represent moneys used for various speculative ventures. Naturally, the measure applies only to firms which have received bank financing for specific purposes for which special advantageous rates of interest are charged. [Text] [Athens HELLENEWS-EXPRESS in English 14 Jun 79 p 5]

CEMENT EXPORTS FLOURISH--Iraklis Cement Co. S.A. is Europe's leading cement exporter, the value of its exports of cement in 1978 having amounted to Drachmae 3,000 million, out of the firm's total cement sales in that year, worth Drs. 7,800 million. In terms of quantity, the firm exported 1,900,000,000 tons in 1978. These exports were greatly aided by the operation of the firm's own fleet of four cement carriers whose total capacity is 130,000 DWT and by the construction of two bulk storage and distribution centres at Jeddah and at Dammam. The company has eleven subsidiary firms which look after various sections of the overall turnover, such as, construction and maintenance of plant, transportation, ready-mixed concrete, packing materials, mining and quarrying, office and factory management, overseas depots and silos. Other cement manufacturers in Greece have also had a good year with exports of consequence, although their latest precise figures are not yet available. The markets continue to be those of the Middle East and North Africa for the most part. [Text] [Athens HELLENEWS-EXPRESS in English 14 Jun 79 p 5]

TENTH BULK CARRIER--Hellenic Shipyards SA, launched on the 12th of this month the 10th and last of a series of 31,000 DWT bulk carriers from the Skaramanga yards. A total of 31 ships of 1,300,000 DWT have been launched from the six ways of these yards in the last few years but now there is nothing but repair work on the order books. [Text] [Athens HELLENEWS-EXPRESS in English 14 Jun 79 p 6]

BUNKER OIL SHORTAGES--Bunker oil shortages have been recorded at certain bunkering stations in Greece affecting mainly diesel oil supplies to cruise-ships and small pleasure craft. [Text] [Athens HELLENEWS-EXPRESS in English 14 Jun 79 p 6]

BUS CHASSIS CONTRACT--The Salonica City Council has awarded the Spanish factory "PEGASO" a contract for 40 diesel bus engine-chassis for the Salonica urban lines. Bodywork will be built in Greece. The contract was signed on the 8th of June, 1979 at Salonica. [Text] [Athens HELLENEWS-EXPRESS in English 14 Jun 79 p 6]

ELEVSIS GLASS EXPANSION--Elevisis Glassmills-Owens SA are to invest Drs 150 million on an extension project. Previous expansion of plant raised the current year's output to an estimated 75,000 tons of glass. The new extension will add a further 30,000 tons to annual output. [Text] [Athens HELLENEWS-EXPRESS in English 14 Jun 79 p 7]

VEAL IMPORT BAN--The government has imposed a temporary ban on the issuing of import licences for veal in order to facilitate absorption of quantities available from stockbreeders in Greece. The ban came into effect on the 4th of this month. [Text] [Athens HELLENEWS-EXPRESS in English 14 Jun 79 p 7]

POLISH COAL--There have been further talks (this time between Minister of Industry M. Evert and the Polish ambassador in Athens, Mr. J. Lewandowski) on the subject of the proposed aluminium factory in Greece which would operate on electric power generated from imported Polish coal. [Text] [Athens HELLENEWS-EXPRESS in English 14 Jun 79 p 7]

NESTLE PLANT REJECTION--For reasons which remain somewhat obscure, up to the moment, the Association of Agricultural Cooperatives of Thraki is voicing objections to the expansion of Nestle in that area. The cooperatives run their own dairy products factory in the area and theirs has been the solitary factory outlet for the Rodopi district dairy farmers over the last 15 years. One would have thought normally that the farmers would have welcomed a second major customer. [Text] [Athens HELLENEWS-EXPRESS in English 14 Jun 79 p 7]

INFLATION LEVEL--OECD cost-of-living figures, just released for 34 countries, give reason for thought as regards Greece. For the year ending 30th April, 1979, the inflation index in Greece was 13.4 percent. Taking the index on a six-monthly basis, the rate of inflation on the 30th April, 1979 has been moving at a level of 26.5 percent. [Text] [Athens HELLENEWS-EXPRESS in English 14 Jun 79 p 7]

POTATO SUBSIDY--If Greek exporters pay Greek growers of potatoes Drs 7.00 or more per kilo, they will receive a Drs 3.50 per kilo subsidy on all quantities of potatoes they export from the 10th of June onwards, until further notice. [Text] [Athens HELLENEWS-EXPRESS in English 14 Jun 79 p 7]

GEOLOGICAL STUDIES INSTITUTE BOARD--The government has changed the members of the board of IGME (Institute for Geological Studies and Research). When installing the new general manager, Mr. N. Apostolidis, the Minister of Industry, Mr. M. Evert, reaffirmed that the government attached much importance to the discovery of new mineral deposits and to their integrated exploitation. [Text] [Athens HELLENEWS-EXPRESS in English 14 Jun 79 p 7]

ETVA LOAN FROM FRG--A loan contract for \$15 million was signed in Duesseldorf on the 13th of this month between Westdeutsche Landesbank Girozentrale and ETVA (Hellenic Industrial Development Bank), which will use the funds for its 1979 development plan. Loan duration is 12 years with a 5-year period of grace and interest at 5/8 of one percent above the London Interbank Eurodollar rate. The size of this loan is indicative of the modest scale on which overseas borrowing on government level has been conducted so far this year. The terms of the present loan have been described as quite favourable by current international standards. [Text] [Athens HELLENEWS-EXPRESS in English 21 Jun 79 p 4]

MOTOROIL S.A. INVESTMENT--Motoroil Hellas S.A. (Vardinosiannis Group) has announced its intention to invest \$100,000,000 in improvements to its oil refining facilities at Agioi Theodoroi near Corinth. Machinery for thermal and catalytic pyrolysis will be installed to extract additional quantities of benzine and petroleum gas out of fueloil. It is estimated that, when the new plant comes on stream in August, 1980, its output should spare the Greek economy some \$50,000,000 a year in terms of foreign currency. At the same time, the refinery is to have a seawater desalination plant to increase its fresh water supply. The Motoroil refinery was built in 1971 and can now process 7,000,000 tons of crude oil per year. This represents about 80 percent of Greece's total present consumption of various oil fuels. The refinery is actually supplying about 15 percent of the country's domestic needs as much of its output is for export. The Luboils section produces about 120,000 tons of lubricants per annum. [Text] [Athens HELLENEWS-EXPRESS in English 21 Jun 79 p 6]

QUALITY STANDARD SAMPLING, ANALYSIS--The Ministry of Trade has announced the opening of a register of those who produce and market goods which are found to be below quality standard specifications. (A cynic remarked that it might have been more to the point if the register had been opened to record those whose goods do conform to quality standards--referring of course to the exaggerations of the press which often makes headlines out of cases where the Market Police discover and prosecute for breaches of quality standards.) It was further announced that the Directorate of Technological Consumer Protection (the title is indeed impressive) is collecting data from sampling carried out by regional branches of the ministry. Goods sampled are being given code numbers and sampling will gradually be organized on a monthly basis. It was not stated in the announcement if the "black list" to be thus drawn up will be made public or not, at present or at any future date. However, most people are agreed that the whole exercise seems to be a step in the right direction. With Greece anxious to step up its export performance, competent authorities are becoming increasingly aware of the importance of maintaining stable quality standards and it is hoped this may be one way of enforcing them. [Text] [Athens HELLENEWS-EXPRESS in English 21 Jun 79 p 6]

NEORION SHIPYARD REOPENING--The Neorion Syrou Shipyards (formerly owned by the Goulandris Shipping Co., who closed them down more than two years ago after labour unrest had made them unworkable) have re-opened and are now managed by "A. and P. Appledore Co. Ltd., of Great Britain." The new management is running the yards on a staff of 800 only, compared with 1,300 employed there prior to closure. In September of this year, the new 40,000-ton floating dock will be commissioned. [Text] [Athens HELLENEWS-EXPRESS in English 21 Jun 79 p 7]

BUNKER FUEL SUBSIDY--By joint decision of the ministers of coordination, finance, industry/energy, trade and merchant marine, diesel bunker fuel used by ships of the coastal service and car-ferry boats carrying out regular services between Greek ports will be subsidised to the extent of Drs 6 per litre. Bunker fuel subsidy for cruiseships is to form the subject of a separate decision. [Text] [Athens HELLENEWS-EXPRESS in English 21 Jun 79 p 7]

PROCUREMENTS, TENDERS, ADJUDICATIONS--NACO, the Dutch firm which designed the new "Schiphol" International Airport at Amsterdam, has won the Drs 200 million contract for elaboration of the preliminary study on the proposed new Athens airport at Spata. This was in competition with an Anglo-American consortium of consulting engineers. When the preliminary study is complete, Greek engineering firms will undertake to draft final plans for various sectors of the project on the basis of specifications laid down in the preliminary study. According to present-day calculations, the project will cost \$400 million to complete and it is intended to borrow the necessary funds. [Text] [Athens HELLENEWS-EXPRESS in English 21 Jun 79 p 8]

PUBLIC ADMINISTRATION REORGANIZATION--Conferences are reported to be continuing among competent ministers for re-organization of public administration to meet EEC standards. Any day now, the relative proposals will be submitted to the Prime Minister. The Ministry of Finance is taking a leading part in this effort. [Text] [Athens HELLENEWS-EXPRESS in English 21 Jun 79 p 8]

OIL IMPORT MONOPOLY PROPOSAL--During this week's session of EEC Chambers of Commerce in Edinburgh the Greek delegation led by Mr. L. Evfraimoglou, suggested the formation of a European oil importing monopoly as a counterpart to the OPEC oil exporting monopoly. [Text] [Athens HELLENEWS-EXPRESS in English 21 Jun 79 p 8]

TRADE WITH POLAND--Further talks in Athens with the Polish ambassador have centred upon plans to increase exports of Greek cotton, peaches, and other fresh fruit and imports of Polish sulphur and fresh veal. The combined objective is to increase reciprocal commercial exchanges while, at the same time, maintaining an equilibrium in the barter trade clearing account. [Text] [Athens HELLENEWS-EXPRESS in English 21 Jun 79 p 8]

MILITARY FIREARMS--Elinta Manufacturing S.A. has dropped production of electric household appliances and has switched to the production of component parts for military firearms. Its factories are now engaged in subcontracting work for the Hellenic Arms Industry (state-owned). [Text] [Athens HELLENEWS-EXPRESS in English 21 Jun 79 p 8]

ARAB BANK BRANCH--Mr. Shoman, chairman of the Arab Bank (Amman, Jordan) has filed an application with the competent Greek authority for permission to establish a branch in Athens. Mr. Shoman discussed the matter first with Minister of Coordination K. Mitsotakis. [Text] [Athens HELLENEWS-EXPRESS in English 21 Jun 79 p 8]

CSO: 4920

COMMUNIST PARTY OF IRELAND: GOALS, ACTIVITIES, RELATIONS

Sofia RABOTNICHESKO DELO in Bulgarian 9 Jul 79 p 6 AU

[Interview with James Stewart, deputy secretary general of the Communist Party of Ireland, given during his stay in Bulgaria to Yoan Mateev, RABOTNICHESKO DELO correspondent--exact date not given]

[Text] James Stewart, deputy secretary general of the Communist Party of Ireland, is visiting our country. He responded to the daily's RABOTNICHESKO DELO request and gave an interview to Yoan Mateev, representative of our editorial board. Here are the questions and answers given by Comrade James Stewart:

QUESTION: Comrade Stewart, the Bulgarian public follows with attention and sympathy the struggle of the Irish working people for their political freedoms and social justice. It would be interesting for our readers to hear your opinion on the progress of that struggle, on the present tasks of the struggle and on the situation in the Irish Republic, as well as in Northern Ireland.

ANSWER: The working people's struggle in our country for human and civil rights and freedoms, as well as for social justice is being waged under extremely complicated, difficult and sometimes even adverse circumstances. That is because the class struggle is developing on various fronts. First of all, the Irish working people are divided into two territories--in the south, we have the independent Irish Republic and in the north, we have Northern Ireland, which actually is a British colony. In the Irish Republic, especially during the last few decades, the large, foreign capitalist groups and corporations have become the true masters of the country. In Northern Ireland this situation is complemented by British domination. Imperialist forces are using one of the most perfidious weapons against the Irish people--namely the fanning of an internal struggle enmities and passions, which in an "Irish variety" are being stimulated, particularly in Northern Ireland, on a religious basis. The goal of those methods is obvious enough; it is to incite the two religious communities--the Catholic and the protestant--against each other--in order to distract the Irish people from their true

national and social tasks and to conceal the true political and economic essence of the people's dissatisfaction under the cover of religious issues.

I suppose that the Bulgarian public is well aware of the inhuman methods of repression and of the gross violations of human rights in Northern Ireland, where people are being imprisoned and subjected to medieval tortures without trial and sentences. Those are facts which were proved at the special court of justice in Strasbourg and which shocked worldwide public opinion.

In recent years the Irish people have been facing another problem. In addition to exploitation by foreign and local capitalist, the monopolies are mercilessly robbing us of our national wealth and resources. On all those fronts--in the struggle for political and national liberation, for social justice and for the rescue from foreign exploitation, in the struggle for the preservation of our national resources--the primary goal of our present struggle is to rally all progressive forces of the Irish people. The struggle will probably become even more fierce and more difficult because the new conservative government in London made it unequivocally understood that it will uncompromisingly attack the living standard of ordinary working people even more.

QUESTION: What are the goals and tasks which the Communist Party of Ireland has set for itself in these conditions and what steps do the Irish Communists intend to take in implementing the decisions of the last Irish Communist Party Congress?

ANSWER: The situation which I described in most general terms suggests to us our most immediate tasks. Above all, the Irish Communists are trying to correctly explain to the Irish proletariat the true causes of the present difficult situation. It is aimed at rallying and uniting all forces of the workers class for joint, purposeful actions against the schemes of the capitalists. The important position the trade unions are playing in our country's socioeconomic and political life is known.

As to the economic sector, we are mobilizing the proletariat in the struggle against growing inflation, against the steady decrease of their real incomes, against the deterioration of their living standard and against unemployment. Today unemployment in our country is greater, on the average, than in Britain, and because of religious discrimination it attains 59 percent in certain areas. We are also mobilizing the workers class for joint actions in favor of charging higher taxes to foreign corporations, so as to restrict their penetration.

As a matter of fact, our struggle for those goals will greatly contribute to the achievements of political unity, the cohesion of all efforts, the achievement of joint resistance against the offensive of reaction directed against democratic freedoms, and the achievement of socialism.

Of course, our party cannot disregard the international situation in which our struggle is developing. We are well aware of the fact that under conditions of peace, under conditions of the further expansion of the process of detente, our struggle will be able to expand more widely. Therefore we propagate the ideas of peaceful coexistence and we are conducting a consistent campaign for the preservation of the present status of nonalignment of the Irish Republic. We are resisting the efforts of certain circles within the republic and abroad to involve our country in the NATO bloc. Naturally, this activity of ours is organically linked to the struggle for unmasking anti-Sovietism and the myth of the so-called "danger of the east."

QUESTION: How would you describe the relations between the BCP and the Communist Party of Ireland?

ANSWER: The relations between our two parties, in my opinion, can be described in one word--excellent. The truth of this description lies in the full unanimity of thought and unity of action between the Communist Party of Ireland and the BCP regarding the problems of the struggle for the development of the international workers movements, as well as in our joint stands and views on the present international situation. Our unity is based on the sound foundations of Marxism-Leninism and on the principles of proletarian internationalism.

I would like to stress that the Irish Communists rejoice at and admire the successes achieved by the People's Republic of Bulgaria in the construction of socialism. We also feel close to each other by the common destinies of our two peoples in their history--the struggle for national and social liberation, which in your country ended with victory, but in our country is still going on. We are also linked by the name and personality of the great son of the Bulgarian people and outstanding leader of the international communist and workers' movement--Georgi Dimitrov--whose contribution to the theory and practice of revolutionary struggle is well known to us and is used by us in our experience.

There is no doubt that the good, comradely, fraternal relations between our two parties will develop and continue to expand in the future--all prerequisites exist for that.

I would like to close this interview, which gives me this happy opportunity, through the daily RABOTNICHESKO DELO, by sincerely greeting the Bulgarian Communists and the Bulgarian people and to wish them new successes, on behalf of the Irish Communists and on my own behalf.

CSO: 2200

PRESS REACTION TO PRESIDENT CARTER'S ENERGY APPEAL

Rome IL POPOLO in Italian 18 Jul 79 p 1 LD

[Article by Marcello Gilmozzi: "The Energy Battle"]

[Excerpt] From the European viewpoint Carter's speech offers a strange mixture of ideas and warnings of a moral, philosophical, religious or political nature with the inevitable references to patriotism and to the deep pioneering spirit with which the American nation was forged. However, although the European citizen is not used to this type of speech in normal times, nobody can deny that the energy challenge has now assumed for everyone the value and significance of a decisive test-case for our future; and that the West--precisely because its economic system requires more energy than any other--has for years been in an extremely critical situation which is growing gradually and inevitably worse.

Carter's speech--delivered after a period of indecision and delays and in the middle of a popularity crisis confronting the U.S. President, who has reached the lowest level of popularity ever recorded in the United States (26 percent)--was received, with a few exceptions, by a hard core of support precisely because, in addition to the technical and economic aspects of the problem, he succeeded in making it part of a "new deal" on whose success the future of the United States and, with it, all the industrial democracies depends. It is not just a question of finding energy sources other than oil (the United States has more facilities than any other country for tackling this undertaking on the technical level): It is a question of seeking and finding together a new type of society, avoiding shocks and slumps in production but finding a new "way of life" which takes account of the inevitable exhaustion of a certain type of socioeconomic experience with which a certain phase of capitalism will probably be closed once and for all.

In this respect Carter the most contested president of the past 30 years, Carter the "product of general mediocrity," as some people have unkindly called him, Carter the "political Skylab," Carter the heir to a world crisis affecting all sectors, putting the very image and credibility of the United States to a severe test, has rediscovered the tone and style of the great American tradition, calling his country to a general mobilization on the

intellectual and moral plane even more than on the material plane. The connection between energy problems and the defense of democracy and freedom, between technical consumer data and faith in political supremacy are reminiscent of Roosevelt's great speeches, of the great popular emotion and the great tensions through which the destiny of the United States as the leading world power passed historically.

Is all this enough to win this great decisive battle not only for the United States but for the whole Western world? The scope of the crisis is such that it requires a long and difficult period: We may not know whether the West has overcome it before the next century. However, the United States is preparing to fight it with all the means at its disposal. What are the Europeans planning to do?

CSO: 3104

LABOR UNIONS DECLARE WAR ON GOVERNMENT

Boycott Threatened

Rotterdam NRC HANDELSBLAD in Dutch 19 Jun 79 p 9

[Text] Amsterdam, 19 Jun--Acceptance by Parliament of the government's retrenchment plans will seriously interfere with consultation with the trade unions in the future. Statements to that effect were made yesterday evening by CNV [National Federation of Christian Workers in the Netherlands] Chairman H. v.d. Meulen, at a protest meeting in Utrecht, and FNV [Netherlands Trade Unions Federation] Chairman W. Kok after the meeting of the FNV's council. Kok called acceptance of the plans "an outright declaration of war on the trade unions."

At the protest meeting of the CNV, which was attended by not quite a thousand members, Van der Meulen said, "If the government brings in the 1 July package with the reduction of social benefits, wage regulation for those who follow the trend and curtailment of compensation for price increases intact, that can produce very disturbing results in the years to come, which certainly are going to be even tougher." Kok warned against "an irreparable breach," in the name of the FNV Council, and said that the FNV, after the acceptance of the July package, does not plan to talk with the government in the Institute of Labor about developments in social matters next year.

"It is absolutely unthinkable that we are going to sit nicely around the table with the government to hear how bad the situation is," said Kok. The next discussion with the Institute on 21 June has definitely been called off since the FNV refused to take part in it.

The union directors also indicated that they were offended and indignant over charges by Ministers Wiegel and Andriessen to the effect that the trade unions were deliberately distorting the cabinet's plans and were guilty of imparting false information. According to Kok, the opposite is true. "The government says that those drawing social benefits only turn in a few guilders," says Kok, "but a person drawing a general old-age pension loses a net amount of 21 guilders per month as a result of the January regulation,

and an individual coming under the Law on Labor Disability who has a family even loses as much as 25 to 60 guilders," says Kok.

Van der Meulen of the CNV saw the biggest objection to the July package in the fact that it drives those who work and those who are not working apart. "The CNV is not willing to accept a brittle policy which has the effect of separating the nonactive from the active," he said.

Government Credibility at Stake

Rotterdam NRC HANDELSBLAD in Dutch 19 Jun 79 p 9

[Article by A. F. Van Zweeden: "Second Chamber Debate on Second Retrenchment Round; Cabinet's Credibility as a Partner in Discussion in Question"]

[Text] The demonstrations by the trade unions against the steps the cabinet intends to take on 1 July will certainly resound in the debate the Second Chamber will hold this week. However, they will not be able to prevent the decisions from being made.

There is more at stake this week than a second round of estimates. Also involved is the credibility of the cabinet and Parliament as discussion partners of the unions in regard to the making of decisions concerning social and economic policy.

Franz Drabbe, the deputy chairman of the FNV [Netherlands Trade Union Federation], called to mind the resistance of the NVV [Netherlands Federation of Trade Unions] to Roolvink's wage law in 1969. Then, too, what was involved was interference by the minister of social affairs in collective labor agreements which had already been concluded. The actions of the NVV, later supported by the NKV [Netherlands Catholic Workers Federation], led to postponement of the implementation of Article 8 of the Wage Law, which gave the minister the authority to intervene in regard to collective labor agreements.

Albeda now, by the roundabout way of a special authorizing law, is getting back again that authority which was fought over so fiercely. Reopening the collective labor agreements in order to impose on them the modification of those who follow the trend and curtail incomes above 55,000 guilders means a violation of the freedom of negotiation gained in 1969 and 1970.

The CDA [Christian Democratic Appeal], in particular, has been impressed by the hardening of relations between the government and its social partners. In his answer to the final report of the Second Chamber, Albeda said that he shared the CDA's alarm. In the view of the cabinet, there is talk of "a certain dynamic equilibrium" as a result of the divided responsibilities of the three parties.

"The dynamics," Albeda writes, "may lead to tensions, but in any case they will not lead to a stoppage." And for that reason the cabinet is convinced that the present problems can be tackled with more success. Thus, there is optimism in the cabinet regarding relations with its social partners. However, the CDA, placed under heavy pressure by its ally, the CNV, is experiencing severe tension in the process of evaluating the government plans. Four measures are under discussion. They all are of a provisional, temporary nature. Once again there has to be intervention with ad hoc measures because studies by the SER [Social Economic Council] and legislation in conformity with them are not finished.

Social Benefits

In anticipation of a definitive arrangement for the elimination of so-called errors in the system from the coupling mechanism, the growth of social benefits must be cut back once again, this time by from 0.2 to 0.7 percent, because the purchasing power of the minimum benefits would be endangered by a jump of 0.5 percent.

The difficulty the CDA representatives have with this proposal results from the fact that a definitive legal arrangement will apparently only come into being on 1 January 1980. Many CDA members are rather deeply impressed by the arguments of the CNV, which contends that any cutting back would be completely unjustified at this time because the premiums are not to be raised as of 1 July.

The argument that people who are working are behind in net income right from the start because they will have to pay higher premiums which most of those who are not working do not pay does not hold good now. The cabinet defends the limitation of the growth of the minimum benefits as of 1 July exclusively on the basis of the difference in the health insurance act and unemployment pay premiums which those receiving the minimum wage actually have to pay and those who are not working do not.

The PvdA [Labor Party] rejects the cabinet's arguments and continues to maintain that those drawing minimum benefits are being discriminated against by this action. The cabinet opposes that view. It assumes that, by cutting back from 0.2 to 0.7 percent, the purchasing power remains equal to average pay or improves slightly. Curtailing incomes at 55,000 to 50,000 guilders does not seem to be a capital crime as far as the cabinet is concerned. The CDA has a definite preference for 50,000 guilders. As an argument for putting the limit at 55,000 guilders, the cabinet only states that then only five collective labor agreements would have to be violated. That limit was chosen in order to have as few collective labor agreement employees as possible who would fall under the income-limitation provisions.

The Second Chamber party groups--and specifically the PvdA and the VVD [People's Party for Freedom and Democracy]--are skeptical about the effect of the measure in regard to employment. The PvdA has submitted a private

member's bill to increase the highest income-tax-rate bracket one point. Not just employees, but also professionals and independents, would be affected by this. A tax increase produces more than a curtailment of income, and the proceeds can be used directly for creating jobs, says the initiator of the bill, Second Chamber member Woeltgens.

The income curtailment ~~must~~ yield a gross of 50 million guilders in 1979. In this connection, the VVD notes that the kingdom's income from the partnership tax could, indeed, increase somewhat, but that the receipts from the income tax nevertheless are decreasing at a faster rate. According to the Ministry of Social Affairs, the following five collective labor agreements must be broken: KLM, wholesale trading, architects, housing corporations and Hoogovens. Furthermore, many more employees will be affected by the income curtailment than just those who are paid in accordance with those five collective labor agreements.

The making up of extra allowances under the construction collective labor agreement and the pay increases for administrative broadcasting personnel are not to work through into the minimum wage, the social benefits and the pay of government officials.

In reworking those two collective labor agreements, there would be 1.1 billion guilders more in governmental expenditures and 610 million guilders more would be paid out of the social funds. Reworking them would have the effect of increasing the minimum wage sum by 90 million guilders in 1979.

The CDA, the VVD and D'66 [Democrats '66] have a view in regard to the proposed measure which holds that a fictitious index figure of 184 is used in its application as of the end of April instead of the actual figure of 187.

The PvdA group assumes that, in setting up this fictitious index figure, it might be said that two corrections of the wage index were made for a single increase. "a misunderstanding," replies the government.

Those Who Follow the Trend

The employees in the health and welfare sector who follow the trend of the pay of government personnel would like to obtain an equivalent modification, but whether it is going to be precisely the same as that of civil servants is not yet definite. The cabinet says that it will counter this modification which is to be imposed with 5,000 extra jobs. Although the modification for 1979 must apply, the cabinet has until 1 January, aside from retro-active validity.

The PvdA and D'66 have insuperable objections to cutting back the wages of those who follow the trend. The CDA, which, when the action was first proposed, did not take a definite position, seems to be going to acquiesce in the action, but it also wants to know whether more than 5,000 extra jobs can be financed from the proceeds from the income curtailment. There are no difficulties on that point so far as the VVD is concerned.

The government has had a calculation made of what the effects on incomes would be of the four different proposals. The "less-more" for a married person drawing a general old-age pension means that he starts out with a net of 22 guilders on 1 July instead of with 45 guilders. He pays in 23 guilders as of 1 July. If the 1981 estimate had been completely carried into effect--that is, with a cutback jump of 0.5 percent on 1 July--he would have had to pay in 54 guilders.

The average individual receiving benefits under the Law on Labor Disability gets 30 guilders of "less-more." The Law on Labor Disability maximum, which on 1 July, without cutbacks, was raised from 2,753 to 2,863 guilders, works out to 2,790 guilders, and thus he loses 73 guilders.

The spring financial report will also come up for discussion in the debate. It will show what gaps have shown up in the budget, and especially as a result of disappointing tax yields. It will also be shown in the financial report how the cabinet intends to fill up those gaps with temporary measures, such as the blocking of expenditures by the various departments and accelerated collection of taxes. The connection between this and the July package lies in the fact that without those measures the shortfalls in the financing of government would be even greater.

9258

CSO: 3105

HAMRE QUESTIONS ADEQUACY OF NORWAY'S DEFENSIVE CAPABILITY

Government Priorities Criticized

Oslo AFTENPOSTEN in Norwegian 2 Jul 79 p 3

[Commentary by Eivind Karlsen: "Are Norway's Defenses Growing Weaker?"]

[Text] Norway's defense depends on support from our allies. We are not able to create a credible defense for our national security alone. The government recognizes that this is the case today, as during most of the time since the war. Do NATO and our alliance partners consider our contributions to be sufficient and credible? Or do they believe that Norway is starting to depend more heavily on the ability to receive allied help than on defending our country effectively until the help arrives?

This holding time is crucial. There is hardly anyone who doubts our will to fulfill our obligation to hold territory until allied reinforcements arrive. But what are the risks? Some people question the dispositions that we have laid out--and plan to lay out in the future--to make these risks as small as possible.

Politico-military observers will have noticed the difference between the recommendations of the Defense Commission and the reduced commitment made by the government 1 month ago based on the commission's recommendations. Poor economic outlook was the main reason for lowering the ambition level below that recommended, at least for the short term. Observers will also note that the chief of defense has called for more building and modernizing of defense than the commission found possible.

The differences between Chief of Defense Hamre's comments on the commission's recommendations and the government's presentation--which for that matter is firm for only the first 5 years--is partly tangible. It applies perhaps in a special sense to the 'reduction' of the navy, but also to the necessity of strengthening the defenses of South Norway. As to the latter, an interesting change in priorities on the Swedish side of the Keel [mountain range between Sweden and Norway] was recently reported. Increased emphasis is put on the defense of the southwestern part of the country and the mouth of the Baltic.

The Defense Department places great importance on preparation of effective allied support to Norway in an emergency. Cooperation with Norway's allies has become intensive in recent years.

The department and the government say, "It is an assumption that a substantial part of the reinforcements can arrive before the war breaks out and thereby contribute to avoiding it. First of all air forces can be brought over at an early stage. Also ground forces can be introduced quickly. Allied naval forces will contribute to hindering and beating back attacks against Norway with their great power when they are in position."

But it is asserted that help from allies involves obligations: it can not be expected that others will come to Norway's rescue if Norway itself does not make the necessary contributions to prepare for receiving reinforcements. These contributions must take place in several areas. The Norwegian Navy must be able to contribute to the protection of sea routes. Coastal defense radar and navigation systems and supply depots must have the ability to support allied reinforcements. And improvement of airbase defenses is a central task in insuring this.

At the same time it is pointed out that advance stockpiling of heavy allied material is currently taking place. The government emphasizes that it is a question of a limited effort continuing over a period of time. This also points up the fact that the real task for now is to formulate necessary assumptions for Norwegian base policies of the future.

Allied reinforcements are assumed to come to Norway by air and by sea. Will we be able to give allied seaborne reinforcements reasonable cover for their landing in Norway? Chief of Defense Sverre Hamre points out that during a wartime crisis our long coastline will require naval efforts at several places simultaneously. Our allies' naval forces are intended primarily for high seas operations--the weight of the conflict in our coastal waters must be carried by our own naval forces. This requires keeping a larger number of naval ships than the commission recommends. The chief of defense also believes that we must retain frigates in our navy.

General Hamre also discusses the endurance of the defense forces in combat. He notes first that the commission's recommendation aims at a capability for counterattack--and that we furthermore will be capable of holding our own against an attacker so long that he can count on allied forces coming to our aid. Further, it says among other things that our defense forces must be able to put up a tenacious resistance even if important areas are lost. The chief of defense adds: we must be prepared to be able to meet situations which do not develop in accordance with our assumptions, and we must be able to continue the fight over a period of time with our own national defense forces. The credibility of our defense therefore depends on ground forces with a considerable amount of endurance.

Chief of Defense Hamre has emphasized the necessity of not only strengthening our defenses in North and Central Norway but also in South Norway where "we

find the main weight of our defense potential, the basis for our entire national resistance battle." The government mentions this side of things very little, despite the fact that it has been brought up and emphasized several times by observers. The thought is that war in Central Europe is just as likely as an attack on North Norway, and perhaps more so.

More Weaponry Needed

Oslo AFTENPOSTEN in Norwegian 3 Jul 79 p 3

[Text] War reserve material today in most areas is insufficient and in some places entirely missing, points out Chief of Defense Sverre Hamre in his comments on the recommendations of the Defense Commission. Conscripts, replacements and volunteers run the risk of being without weapons and necessary unit equipment at the outbreak of war, he said.

General Hamre reported in this connection that schools and training units borrow almost all their material from the mobilization supplies. Therefore these stocks will lack weapons if war should break out.

In 1980 the year group which can be conscripted into the defense forces will total about 31,000. The Defense Commission reports that this number will increase in the coming years, but will decline toward the end of the 1980's. About two-thirds of the year group will undergo military conscription.

In 1977 26.7 percent failed for physical reasons, and 5.5 percent were released for reasons of conscience.

The Defense Department is concerned with creating the most equality possible in the duties and obligations imposed upon male youth.

The Conscription Commission, which was appointed by the Justice Department in 1974, is expected to give recommendations on how greater equality can be reached. This can have an effect on the future employment of conscripted forces, it was said.

A new classification order comes into effect in 1980. Its purpose is to get a more functional distribution of conscripts. They continue to provide a large and useful portion of the defense forces.

9287

CSO: 3108

IMPACT OF OPEC PRICE INCREASES ANALYZED

Lisbon DIARIO DE NOTICIAS in Portuguese 2 Jul 79 pp 17, 18

[Text] The increase in the base price of crude oil announced on Thursday by OPEC will cost Portugal another 7 million contos in foreign exchange, not counting the probably exacerbation in the area of related freight charges and services. The estimates based on an assumption of an average price of \$20 per barrel (a barrel equals 159 liters) indicate that the country will be spending over 50 million contos during 1979 for oil supplies, which now account for 20 percent of Portugal's imports. The situation could become more difficult at the end of the year, if OPEC makes another price hike then, as appears quite likely.

In the first half of this year, with an average price of \$14.75 per barrel, the country spent 22 million contos for hydrocarbon supplies. In the second half, we shall have to add at least another 29 million, a sum which, in itself, exceeds the overall expenditure in 1978 in nominal terms: namely, 25.8 million. Inflation, and the fact that a larger volume of imports (8 million as compared with 6.2 million tons) is planned for this year, will reduce the impact of the comparison somewhat; but they will not make it possible to mitigate the results of this sharp rise in OPEC's base prices, which far exceeds the 10 percent rate anticipated at the beginning of the year, with immediate repercussions on the balance of payments.

The effects are already being felt in the realm of domestic prices for the fuel used in shipping, fishing and aviation, nearly all of which is imported, and hence contingent on the prices set on the international free market. The greatest impact on the economy as a whole, and especially the inflation index, will depend, for the time being, on the decisions made by the government concerning the sales prices of the gasoline, fuel and diesel oil which monopolize an essential portion of the market. As we know, these products benefit from "administrative" or "political" prices which are not directly related to production costs, and the effect of the market's mechanisms. In the case of high-test gasoline, the positive differential, which acts as an indirect tax, amounts to 60 percent of the sales price to the public. The revenue from this margin makes it possible to finance the Supply Fund (FA), which in turn subsidizes the prices of certain fuels (fuel oil, and now diesel oil as well), and of a group of foodstuffs and raw materials for agriculture.

Under these circumstances, a decision to raise prices on the basis of the hikes at the source is a fundamentally administrative act, depending solely on the wishes of the executive branch. Will a price hike be inevitable? If we consider only the fuel sector per se, the decision could be postponed. In fact, according to the General Directorate of Energy, the differential in the case of gasoline is sufficient to absorb the new increase until the end of the third quarter, which coincides with the termination of the fiscal year for the Supply Fund. However, there would be no appropriations available for external subsidies for fuel economy; and the government would then (for example) have to give up the "market basket," or find new ways of financing those prices, a solution which is virtually impossible to apply over the short term.

Apart from the aforementioned aspect, a postponement would not constitute any response, for three essential reasons: In the first place, it is quite likely that OPEC will decide by the year's end to impose another price hike, which would jeopardize the very financial balance in the exclusive area of fuel. Then the sales prices of diesel and fuel oil would become increasingly dissociated from the real cost of these products, which are absorbing a larger share of the differential left free by gasoline. In fact, a kilogram of fuel is supplied to industry at about 4 escudos, whereas it is priced at 6 escudos; and diesel oil which, until recently, was producing a slight surplus for the FA, appears to be a product requiring a heavy subsidy, being sold for 10 escudos per liter, while the international prices amount to 16 escudos. Finally, it should be noted that the differential itself, that is, the "cushion" between the economic price and the "administrative" price of gasoline, will be consumed by the exacerbation of production costs and the effects of the devaluation of the escudo.

So long as this mechanism for setting prices persists, it will, therefore, be difficult to prevent the cyclical subsidies that we have been observing. The problem may lie only in knowing how, what and how much to increase. This time, limits on consumption have been announced as supplementary and "moralizing" provisions. The options available in this area have already been submitted to the government in a list which does not offer any great hope, varying between an alternate ban on driving, a reduction in the speed limits, the curtailment of the schedule when sales locations are open and heavy restrictions on the supplies of fuel to distributors. Rationing, even if it were accepted, would take about 6 months to organize, and hence it is not an immediate solution.

There are still attempts to cut domestic consumption of gas and electricity (by imposing discouraging rates) and to improve the efficiency in the industrial utilization of energy by requiring optimization of the energy balances for large consumers and the new investment plans.

Consideration of any of these courses of action is greatly dependent on three critical factors:

1. Gasoline accounts for only 12 percent of the total fuel consumption. In this case, limits on consumption would have a rather insignificant practical effect, serving mainly as a psychological factor, essentially to create a "crisis atmosphere." Besides, the price itself has caused a constant decline in consumption since 1977; and the reduction in consumption has caused a cut in income, reducing the desired effect of a rise in prices on the FA's budget.

2. The rationing or limitation of fuel consumption (36.7 percent of the total) and the consumption of diesel oil (18.4 percent) would result in a reflex "rationing" of industrial production, which is itself increasing too slowly. The increase in the prices of these products, which is difficult to avoid, could not take place without regard, in turn, for the repercussions on the inflation rate and the activity of the sectors at the lower end of the scale.

3. Finally, the measures to improve energy efficiency will always have a relatively slight effect, with results that are only accrued over the medium term. The system of incentives for improving heating equipment, which has been in effect since 1973, has only afforded an overall savings of 100,000 contos per year to date, despite the fact that it does not involve any charge to the business owners.

In immediate terms, the government does not appear to have made any choice. It will raise the prices, perhaps combining that measure with a package including several of the aforementioned solutions, which has been studied for some time. The rise in gasoline prices may even be accompanied by a reduction in the subsidies for diesel and fuel oil, and by restrictions on domestic and industrial consumption. In strategic terms, on the other hand, we may anticipate a reinforcement of the alternate solutions to petroleum, carried out now with immediate recourse to coal (it should be noted, in this regard, that it is difficult to promote the use of this source on the private level, so long as fuel oil prices remain lower, as is the case at present).

2909

CSO: 3101

INE REPORTS ON ECONOMIC SITUATION, INVESTMENTS

Lisbon JORNAL NOVO in Portuguese 20 Jun 79 p 17

[Text] The statement contained in the summary of the Quarterly Report on the Status of the Conversion Industry, issued by the National Statistics Institute (INE), reads: "Analyzing Portuguese industrial activity from a purely current standpoint, one notes that the indications of an improvement that were present during the fourth quarter of last year continued during the first 3 months of this year, thus evincing a clearcut trend toward emergence from the highly depressed situation present in industry as a whole during the first three quarters of 1978."

According to the statement, these indications of a current improvement do not conceal an underlying situation marked by serious structural problems. When it is confronted with any positive reaction from the market, however, slight it may be, it has obviously become difficult for a response from production to occur, owing to the strangulation of the most widely diversified types. Hence, according to the INE, the initiation of a clearing up of the situation of industry can only continue if "immediate measures for reequipping and reorganization of the firms are adopted," so that they may continue to meet potential increases in demand, whether internal or external.

As the INE emphasizes, there are in this area two different situations, "both of which are serious, because of the present and future costs that they entail for the country."

On the one hand, there is, on the average, a considerable under-utilization of the installed production capacity, with a use rate of about 78 percent. Nearly a quarter of the industries are of the opinion that the production capacity available to them is "more than sufficient."

But, on the other hand, it has been found that 37 percent of the industrial sector would be unable at present to raise its production rates even if it were to receive more orders, because of "serious blockage, due to merely incidental problems or to more deepseated ones." According to the statement, "Therefore, there would appear to be an unquestionable need to invest in the

sectors wherein the strangulation is the greatest, whether through a self-financing system or by resorting to credit." However, as the INE itself admits, the serious financial problems which are besetting a considerable portion of the industries preclude the reequipping of the business firms within an acceptable period of time, unless "there is a change in the credit policy."

Orders From Abroad Above Normal

A major contribution to the recovery noted during the first quarter of this year was made by the status of the external demand, which showed a marked improvement during that period, "rising from 11 points under the level considered normal to 2 points above normal."

This dynamism had concomitant repercussions on sectors not directly associated with exports; and therefore, although the total demand still remains 5 points below normal, according to the INE, there has been a gradual recovery.

On the other hand, during the quarter under analysis, there was evidence of a "slight recovery in the employment rate," since the stabilization which occurred during the last 3 months of last year.

In conclusion, it comments that the forecasts made by the managers of industries regarding the status of the conversion industry during the second quarter of this year proved to be "optimistic, indicating a rate of growth in production considerably higher than that noted during the first 3 months of the year."

Textile "Boom"

Taking into account the rate of utilization of the production capacity and the production trends, the INE considers the textile, clothing and footwear industries, those for industrial chemical products, chinaware, earthenware, fine sandstone and pottery, and, finally, those producing machinery and electrical apparatus, to be "in a more favorable situation."

Insofar as the textile industries are concerned, during the first quarter of 1979 they benefited from an overall demand which a large number of business owners regarded as well above normal. This fact is due largely to the orders from foreign markets, the trends of which reached volumes of intensity that were never recorded in 1977 or 1978. According to the INE, "This improvement in demand is certainly not dissociated from the recent measures adopted to dynamize the external demand in the sector, which materialized at the recent international exhibitions and fairs which have taken place in our country, and resulted from the greater competitiveness of Portuguese products stemming from the devaluation of the escudo."

In view of the increased demand, the industrial establishments raised their production rates, and the use of capacity stood at 80 percent at the end

of March. Concurrently, there was considerable strangulation in supply, and 54 percent of the firms declared that it was impossible to increase production within a short time. Among the factors causing the strangulation, production equipment is still preeminent, and there is evidence of a pressing need to invest in the replacement and updating of the machinery. Only by so doing will it be possible to maintain and improve the quality of the products made and to meet the delivery deadlines.

Financial problems and those relating to the purchase of raw materials are the other main factors impeding the expansion of production.

Sectors in a State of Crisis

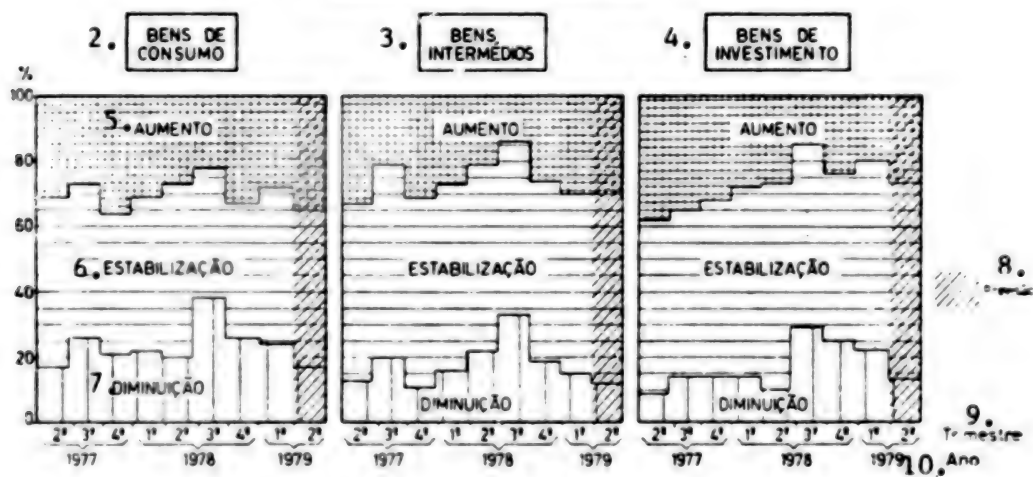
The INE, in turn, considers the food industry, those producing wooden furniture, items made of plastic materials and non-metallic mineral products, as well as the basic industries producing non-ferrous materials, and, finally, the transportation material construction industry, as being "in a more unfavorable situation."

As for the food industries, the negative atmosphere that has existed since the end of 1978 still persists, and the industrial establishments have decided to reduce the production rate during the first quarter of this year, so as to decrease the accumulated stocks. The erosion of the Portuguese population's purchasing power was the main reason for the slight overall demand for products from these industries, which are also beset with export problems.

Among the establishments operating at full capacity, shortages of equipment and difficulties in obtaining raw materials are said to be the leading factors preventing an increase in production over the short term, in the event that there is a rise in demand.

For the transportation material construction industry, the first quarter of 1979 was marked by the deterioration of a situation which was already unfavorable. There was evidence of a considerable drop in production and a reduction in the indexes on the utilization of production capacity.

1. TENDÊNCIAS DE PRODUÇÃO



Key to Graphs:

1. Production trends
2. Consumer goods
3. Intermediate goods
4. Investment goods
5. Increment
6. Stabilization
7. Reduction
8. Forecast
9. Quarter
10. Year
- 2909
- CSO: 3101

LISBON DAILY CITES FROM PSD-DCS-PPM INTERPARTY PACT

Lisbon DIARIO DE NOTICIAS in Portuguese 6 Jul 79 p 3 LD

[Unattributed report: "'Democratic Alliance for New Majority' Set Up By Agreement Among PSC, CDS and PPM"]

[Excerpt] "The Democratic Alliance for a New Majority" is the name chosen for the "Preelection Government Agreement" signed formally yesterday by the Social Democratic Party [PSD], the Social Democratic Center Party [KDS] and the Popular Monarchist Party [PPM], represented by Francisco Sa Carneiro, Freitas do Amaral and Ribeiro Teles. The ceremony signing and making public the cooperation agreement among the three parties--which was held at the Centrists' Headquarters--was followed by a joint meeting at which it was decided to set up a "political strategy committee" with leadership functions.

"The political defeat of the current socialist-communist majority in the assembly of the republic, as an essential prerequisite for our country's political clarifications" is presented in the text of the agreement as the signatory parties' basic motivation and short-term objective."

As a response to the present political crisis the PSD, the CDS and the PPM have agreed to advocate, as they have been advocating over the last few weeks, "the dissolution of the assembly of the republic and the calling of legislative elections in the fall; rejection of the parliamentary investiture by the PSD and the CDS of further nonparty governments before a general election; the joint presentation of a single election government program and a single economic policy of national salvation; the formation of a coalition government, formed on the basis of the new majority and the corresponding refusal to take part in minority governments; the legitimacy of a referendum as being inherent in popular sovereignty and compatible with the constitution."

The issues of the revision of the constitution and of the presidential elections are also broached in the document, although merely at the level of indicating stances to be developed subsequently. The agreement specifies:

"The PSD, the CDS and the PPM accept as a prominent expression of their political cooperation the joint upholding of the same principles and strategy with respect to the revision of the constitution. These principles will serve as a guideline and basis for their blueprint of national regeneration.

"The signatory parties declare themselves in favor of the negotiation of political agreements between the president of the republic and the parliamentary majority supporting the government. At the same time, the PSD and the CDS state their intention to demand of the joint candidate whom they will support in the 1981 presidential election an unambiguous, precise and public political agreement."

With respect to the way in which the alliance will present itself to the voters, the parties comprising it will in principle draw up "separate lists, so that, within respect for and loyalty to what unites them, they can highlight their differences and thus enlarge the Portuguese people's range of choice. However, the signatory parties acknowledge that in certain areas and circumstances, the existing political challenges could include the appropriate party bodies to decide to put forward joint lists."

For the local elections in December, the PSD, the CDS and the PPM "will draw up in due course a specific document inspired by the present cooperation agreement's spirit and aims."

"That document will include the basic program guidelines for revitalizing municipal life and decentralizing and regionalizing the country, as well as identifying the localities where, local factors having been taken into account, it has been unanimously deemed desirable to put forward joint election lists."

"Ending the Crisis"

A large part of the agreement's 2,000 words and 12 points is devoted to setting out the general principles on which the plan for "a new majority" is based.

At the beginning of the document the three parties "recognize the urgent national need for a new democratic political power capable of ending the crisis of ambiguity, identity and disorientation which the country has been undergoing since 11 March 1975," and it adds:

"Portugal needs a stable political power with real innovatory and reformist ability and capable of creating a broad national consensus. The social and economic transformations required by our country's necessary modernization and its greater adjustment to the European challenge

necessitate the organization of a new political majority. Only in this way will it be possible to give shape to and realize the calls for progress and social justice, human dignity and solidarity, decentralization and competence which are pervading and animating Portuguese society. Only in this way will it be possible to establish a new political and economic order, based on the constitutional state, the freedom and creativity of individuals and communities and the defense of the interests of the most underprivileged, in such a way that the Portuguese people will be able increasingly to govern themselves.

It later states that the signatory parties retain their "own identity" and be in agreement in "firmly rejecting the statist and collectivist philosophy and solutions expressed in the program and practice of the Portuguese Communist Party and the Socialist Party [PS]."

The latter is mentioned in another section of the document, which expresses readiness for "dialog with democratic forces of a political, social and cultural nature prominent in Portuguese society before and after legislative elections." "The signatory parties," it adds, "deem it advantageous to maintain an atmosphere of dialog with the other democratic parties concerning the major national issues--especially those connected with the nature of the system and European integration--but point out that the political clarification desired by them is incompatible with the conclusion by any of them of government agreements with the PS, and rules out, on the basis of the new majority, the latter's participation in the government."

"The Parties' Ability"

Two other passages in the agreement are particularly significant, since they maintain the possibility of a solution to the crisis on the basis of the "already existing parties."

After stressing the "urgent need to give the democratic state a new authority, making it better able to discharge the duties for which it is accountable to civil society by means of an improved and more effective institutional system." The three parties specify that "the essential political instrument for regenerating the state's authority should be an agreement among already existing parties of a nationally representative nature which share the same model of society and the same view of Portugal's future."

The text of the agreement later cites the need to bring the institutions closer to each other and to the electorate, giving them a greater degree of credibility and capacity for political participation, and in this connection the signatories "solemnly draw the country's attention to the fact that Portuguese democracy's survival and prestige depend largely on the political parties' ability to offer Portugal not merely the opportunity for a mere vote of preference for this or that organization but a real choice among different people, philosophies and blueprints."

In conclusion, it sets the duration of the first legislature to have the power to revise the constitution as the agreement's period of validity, as well as corresponding "geographical" limit; the undertaking--for which "the overwhelming majority" of votes are expected--"does not apply to the Azores' and Madeira's own institutions, by virtue of their autonomy, or to the administration of the territory of Macao."

CS0: 3101

PDC DISINTEGRATING FOLLOWING CDS NEGOTIATIONS

Prominent Members Resign

Lisbon JORNAL NOVO in Portuguese 25 Jun 79 pp 1, 11

[Text] The secretary general of the Party of Christian Democracy (PDC), Sanches Osorio, today announced his resignation from that party and the request for membership in the Social Democratic Center Party (CDS). Two assistant secretaries general, 10 members of the Political Committee, 10 district committees and 6 study committees expressed their solidarity with this position by also presenting their resignations. In addition, all PDC officials requested their resignation "in the same spirit of solidarity with the secretary general" of the party. Similarly, the directors of the PDC Youth left the party en masse.

The resignation of Sanchez Osorio, predicted yesterday by centrist leader, Rui de Oliveira, is explained by him as the response to "a minority" in the party that sought to transform the coming congress of that party into an "outrageous" act. The holding of the congress, set for next Saturday, was recently preceded by the scheduling of a meeting of the national council to be held the previous day for the purpose of preventing the merger of the PDC with the CDS.

And as a matter of fact, Antonio Mendonca, PDC delegate for Viseu, revealed that resolutions opposing that merger will be approved at the national council of that party convened for Friday to be held in Oporto. Those resolutions are intended to be taken to the congress the following day. Antonio Mendonca subscribed to the proposal for the meeting of the national council, together with other delegates from other districts, the ANOP NEWS AGENCY reported.

The resignations announced today follow in the wake of a communique issued this morning by the secretaries general of the CDS and the PDC revealing that the centrist and PDC delegations had "decided to suspend the negotiations underway and cancel the agreement plans already initialed" with a view to the merger of the two organizations. This development occurred

as a result of the "discovery of serious irregularities in the PDC, especially of a financial nature, which is practically impossible to clean up or control."

The discovery was made by the leadership of the PDC, according to the joint communique "in the course of the negotiations underway," and the leadership of the CDS was informed. "Under those circumstances, the leadership of the PDC believes that the process of a merger of the PDC with the CDS no longer makes any sense or is feasible, inasmuch as what remains of the PDC as of now is of no interest to the Christian Democrats or to Christian Democracy in Portugal because of its manifest and absolute lack of moral authority and civic and political credibility," the joint communique says.

In the meantime, the leadership of the CDS "took note of the communication that was forwarded to it and, deeply regretting the involvement of the Christian Democratic banner in that type of situation, agreed with the position assumed by the current leadership of the PDC."

In the "declaration" released by Sanches Osorio today, the latter states that he cannot "share with that minority of internal opposition the noble act which the next PDC congress should be." Thus, declares the former PDC secretary general, "we will henceforth consider as the only legitimate representative of Christian Democracy in Portugal." [as published] In addition, he continues, "the still titled PDC becomes a fiction without any credibility, consistency or competence on the political or moral levels."

PDC: Only 500 Members

Lisbon JORNAL NOVO in Portuguese 26 Jun 79 pp 1, 11

[Text] In the wake of recent events that culminated in the departure from the PDC of its secretary general, Sanches Osorio, accompanied by a massive number of members, Sanches Osorio himself intends to present to the Supreme Court of Justice and the Attorney General's Office a request for an investigation of the financial situation of the party. The former secretary general of the PDC is going to lodge a petition for the legal abolition of that party because it does not have the 4,000 members that the law requires.

As a matter of fact, sources connected with the PDC told JORNAL NOVO that after that exodus the party was left at the most with about 500 members and that in the old central headquarters there is a record of only 137.

These events were the culmination of a process of growing tension that had been developing within the party and which JORNAL NOVO had already reported a few days ago.

The numerous Christian Democrats who expressed their solidarity with Sanches Osorio do so against Jorge Medeiros and Santos Ferreira, accused of behaving as if they were "the bosses of the party" and of being "in the service of the Marxist left by opposing the unity of Christian Democratic forces through the basest methods."

The crisis sharpened significantly at a meeting held in Lisbon on 9 June at which "particularly serious matters" were revealed, specifically of a financial nature and which created what was regarded as an "intolerable" atmosphere, "an outrage and complete lack of scruples," causing a general reaction throughout the party.

Some of the Christian Democratic rank-and-file reportedly even have been the target of threats by followers of the so-called "bosses of the party," as the district committee of Evora charges. On 9 June, expressing its solidarity with the secretary general of the PDC "in the patriotic purpose of uniting the PDC with the DCS," it charges that "we have already run enough risks by being active in Christian Democracy to have men who say they espouse the same ideology be the first to threaten us."

After Evora, the district committee of Vila Real adopted the same position on 17 June, charging Santos Ferreira with having a "coupist mentality and of being a provocateur and a well-known divisive element." It denounced the fact that "members were being threatened by anonymous telephone calls" and regretted that "in this atmosphere nothing can be resolved in a democratic manner, in accordance to the label we bear." At the same time, it informed Sanches Osorio that "a motion of complete support of his union policy had been approved."

Further pressures of the same type were applied the following day by the district committees of Lisbon and Beja. The former, considering that the "merger of the two Portuguese Christian Democratic parties (PDC and CDS) was a long-range patriotic position aimed at the union of all Portuguese under a plan for a free democratic and Christian society" and placing its leading organs and the mass resignation of all its members in the hands of the secretary general. The latter, the Beja district committee, assumed the same position and underscored that "we have never been moved by any form of cliquism and saving Portugal will still be the only moving force that will make us go."

Our sources assure us that Sanches Osorio has also sought to "calm the spirits" that had become excited over the positions of Jorge Medeiros and Santos Ferreira, intending that those questions be decided at the congress on 28 June. However, in view of the "continuous pressure of the party rank-and-file" and the stands taken by the Christian Democratic Youth and the MDCP (women's organization) at the end of last week, it was finally decided last Friday to leave the PDC en masse and join the CDS.

Well-placed observers believe that this crisis may mean the extinction of the PDC, a party already shaken by so many crises the origin of which, according to those who left it now, "was always the divisive and anti-patriotic activity of Jorge Medeiros and Santos Ferreira." In the meantime, it is significant that this departure should involve Sanches Osorio, regarded as the "soul of the PDC," and Sousa Melo, the number 1 founder of the party, at the same time that it is accompanied by the collective adherence to the CDS, "realizing the profound unity of the real Christian Democrats."

Those are perhaps sufficient reasons for many members of the party who act in solidarity with these leaders to say decisively that "the PDC is finished."

8711

CSO: 3101

AGREEMENT SIGNED WITH CZECHOSLOVAKIA

Lisbon DIARIO DE NOTICIAS in Portuguese 8 Jun 79 p 2

[Text] The secretary of state for foreign trade, Engineer Correia Guedes, and the deputy minister of foreign trade of Czechoslovakia, Yacubec, signed a protocol in Lisbon yesterday in the fields of trade and cooperation, which recommends the signing of a cooperation agreement between the two countries in 1980.

The protocol now signed culminated the fourth meeting of the Portuguese-Czechoslovak Joint Commission, which was held in Lisbon this week. On signing it, Engineer Correia Guedes expressed the hope that trade relations between the two countries will increase. In turn, Yacubec stressed the "constructive attitude" of the Portuguese counterparts during the negotiations, and said that everything would be done on the part of his country to implement that protocol.

In the field of trade, the protocol envisages the traditional Portuguese exports and the development of others such as molds, typewriters, bulk cork, and elevating and moving equipment.

In the area of cooperation, it recommends continuation of contacts, specifically in the electronic sector. The area of cooperation for third markets, includes the hydroelectric power plant equipment, petrochemicals and food industries, among others.

The technicians who accompany the Czech deputy minister visited Mague, Setenave, Messa and FIL during their stay, and also established contacts with some companies that do business with their country in such sectors as cork, molds, paper pulp and textile machinery.

8711

CSO: 3101

'CUMHURIYET' SCORES DEMIREL'S 'CRISIS STRATEGY'

Istanbul CUMHURIYET in Turkish 8 Jun 79 pp 1, 11

[Editorial by Ugur Mumcu: "Crisis Strategy"]

Let us designate the method that Demirel endeavors to adopt as the "crisis strategy." The objective of this crisis strategy is to generate tension in the political arena through manipulation of sensitive issues. Demirel deems it appropriate that the coming fall reelections for one-third of the seats in the Senate of the Republic be held in this charged political atmosphere. If the Justice Party marks some progress in these elections, Demirel will immediately press on with his "early election proposals."

At first Demirel tried to set Article 108 of the Constitution into motion. Had the fall of the Ecevit government been brought about after the "threes" and "sizes" affairs, then the successively-formed government, in the fashion of the Irmak government, could not have obtained a vote of confidence, and thus, the Presidential authority to hold reelections would have met constitutional sanction.

Article 108 authorizes recourse to this path of action, if two consecutive governments fall within a time span of 18 months by failing to obtain a vote of confidence and the successively formed government fails to do the same. This 18-month term comes to a close at the end of this month. Thus, it has become impossible to squeeze into the next 20 to 25 days such procedures as bringing about the fall of the Ecevit government, the formation of a new government, the failure of the latter to obtain a vote of confidence and the appeal of the prime minister of this government to the president for holding reelections.

The opposition has missed the train of Article 108.

Along with the Hasan Korkut affair, Justice Party's attack on the president, against whom it has levelled impertinent charges, coincides with the dissolution of this prospect.

It is possible that Demirel, having calculated that the president by virtue of his sensitive disposition would be disquieted by these unrestrained attacks, has committed himself to a scheme designed to enervate the president and lead him to resignation. It is natural for the president to react to the rude attacks launched by the Justice Party. However, our Constitution contains no bylaws pertaining to the appeal of a president to the parliament for a vote of confidence. Therefore, Koruturk's letter to the Turkish Grand National Assembly should be construed simply as a motion signifying "a justified reaction that should be realized by the Representatives and the Senators." To carry this justified reaction to an act of resignation would only serve the purposes of Demirel's "crisis strategy." The resignation of the president from his office will usher in a new political crisis, and Demirel will exploit this troubled situation with all his skill.

Having objected to the celebration of the 27th of May as the Independence and Constitution Day, Demirel now wants to strike from the Constitution and discard the lifetime senatorship institution created by the "National Union Committee" members who carried out the Revolution of May 27.

And he makes this proposal at a time when his party has the smallest number of seats ever in the parliament. If Demirel makes this move now and not at a time when he had more than 250 seats in the parliament, then his objective is clear: to aggravate the existing tension, to practice "crisis strategy," and to approach the fall elections with the steps of this strategy. These appear to Demirel as worthwhile objectives to pursue. The anger he feigns toward the United States constitutes one of the links in the chain of this crisis strategy.

Certain "doctrinaire leftists" may perceive Demirel's anger as an act of "anti-imperialistic" character. In effect, Turkish-American relations bear traits too complex to be measured by these passing "tough guy remarks." It is meaningless to take a stand against the United States without objecting to the economic, political and military strongholds that America controls.

Demirel has contributed files of corruption involving his brothers and nephews to the Turkish political life and resorted to numerous means to cover these up. If he appears to fight corruption, he can only dupe the blindfolded members of the Justice Party and no one else.

In the days ahead we shall all see how this atmosphere of tension, this "crisis strategy" is put into action. This is a marathon. Particularly those Republican People's Party representatives who are already out of breath must from now on do a better job of holding their breath.

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PARTY SWITCH GIVES NOP ASSEMBLY SEAT

Istanbul CUMHURIYET in Turkish 8 Jun 79 pp 1, 11

[Text] Following Abdulkerim Dogru's switch from the National Salvation Party to the National Organization Party--one of the parties with only one seat in the parliament--NOP Chairman Husamettin Akmumcu told the CUMHURIYET correspondent "the impression that the NSP is dissolving is on the rise, this is correct." Akmumcu declined to comment on his old party, the NSP.

NOP Chairman Husamettin Akmumcu said the following in summary:

"There has been no change in the policy of the NSP since we left. We have voiced our opinions since the first days of 1977. At this time, I consider it needless to talk about the NSP. It has become customary for political organizations to put down others and in this fashion to indirectly assert their own superiority. I do not want to put myself in such a position."

In answer to the question "Do you expect new transfers from the NSP?" NOP Chairman Akmumcu replied "I hope there are more to come. It would be an exaggeration to say something definite."

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DEMIREL PROPOSES ABOLITION OF LIFETIME SENATOR POSTS

Istanbul CUMHURIYET in Turkish 6 Jun 79 pp 1, 11

[Text] Suleyman Demirel, Chairman of the Justice Party and Isparta Deputy, and his 225 supporters presented to parliament a bill which calls for the repeal of Article 70 of the Constitution. The bill asks for the abolition of Lifetime Senatorship. The written argument in favor of the bill, which has been forwarded to the Constitutional Committee of the Turkish Grand National Assembly, states that members of the parliament have to account for their faults at the end of their term in office when their immunity is taken away. The argument further states:

"Lifetime Senators lead a life of class privilege with lifetime protection from responsibility for their actions in the armor of immunity.

The National Unity Committee has lost its legitimacy. Though very late, it has become absolutely necessary to correct this deformity of the Constitution. It is imperative that this anti-democratic Lifetime Members Group within the parliamentary structure be abolished in order to bring about a major constitutional reform."

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